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London Comment

By HERBERT M. BRATTER

No Likelihood of Revolution in Britain—International Chamber of Commerce Council Entertained—Bretton Woods Likely to Be Ratified but Fixing Pound's Status a Problem — Franc Devaluation in Offing—Uncertain Status of Bank of England Moderation on Nationalization — Problem of Streamlining British Bureaucracy.

Herbert M. Bratter

LONDON, ENG.—England may have gone Labor, but it was not noticeable in the crowds which thronged the grounds before Buckingham Palace to cheer Their Majesties as they rode in the rain to the opening of Parliament on Britain's V-J Day. Those who fear revolutionary changes in Britain's economic system overnight might do well to reflect on a weathered wooden sign which today hangs nailed to a tree in peaceful Kew Gardens in London. It reads:

"The Queen earnestly trusts that this unique spot may be preserved in its present beautiful and na-

(Continued on page 839)

Index of Regular Features on page 856.

Essentials for Post-War Trade

By WINTHROP W. ALDRICH*

President of the International Chamber of Commerce
Chairman of Board, Chase National Bank, New York City

In Describing the Plans of the Revived International Chamber of Commerce, Mr. Aldrich Points Out the Need of Cooperation Among the Great Powers. Calls for a Reduction in Trade Barriers and in the Regimentation of Both Foreign and Domestic Commerce As a Means of Expanding World Trade and Promoting Private Competitive Enterprise. Attacks International Cartels and Commodity Agreements and Sees Grave Dangers in Artificial Low Interest Rates and Easy Credit Conditions Induced by Government Policy.

W. W. Aldrich

It is an honor and a pleasure for me in this moment of victory to come here today as the guest of the American Chamber of Commerce in London. Such of you as are my countrymen, have the good fortune to live in this great cosmopolitan center and by your daily activities to demonstrate the extremely important fact that the economic welfare of Britain is inseparably bound up with the economic welfare of the United States. Such of you as are British subjects, not only by your reception of American visitors like myself, but by your daily cooperation with American business as represented in this Chamber, prove that you realize fully that each of our countries exercises a decisive influence on the economic well-being of the other. I am sure that all of us agree that it

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*An address by Mr. Aldrich at a luncheon meeting of the American Chamber of Commerce, London, Eng., Aug. 20, 1945.

(Continued on page 844)

Current Economic Fallacies

By W. A. PATON*

University of Michigan, School of Business Administration

Professor Paton Points Out the Principal Current Economic Fallacies as: (1) That Maintaining Scarcity of Economic Goods Is a Route to Prosperity; (2) That Efficiency and Output Should Be Restricted to Create More Jobs; (3) That the Provisions for Economic Security Can Be Accomplished by Governments Merely Paying Out Money to Make Everyone Prosperous; (4) That the People Can Live on Their War Savings Without Producing; and (5) That Government Can Continually Capitalize Deficits. Sees No Substantial Debt Reduction and Warns That Government Bonds Are Not Merely Purchasing Power.

Dr. William A. Paton

Questionable thinking regarding economic activity has paralleled the development of our present economic processes. Primitive man had his fallacies, but they were largely of another kind. The only business cycle with which he was familiar was the feast or famine accompanying the varying fortunes of the hunt and the changing seasons; he and his immediate group consumed his entire production; there was no organized market, no monetary and banking system, and such terms as capitalism, investments, Government debt, minimum wages, etc., were not included in the vocabulary.

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*A radio address made from Ann Arbor, Mich., earlier in the month by Dr. Paton.

(Continued on page 843)

Full Production and Full Employment

By PHILIP MURRAY*

President, Congress of Industrial Organizations

Prominent Labor Leader Recommends (1) Immediate Raising of Basic Wage Rates; (2) Continued Price Control to Curb Profiteering; (3) Increasing Unemployment Benefits; (4) Passage of Full Employment Bill and Wagner-Murray Social Security Amendments; (5) Increased GI Mustering Out Pay; and (6) Tax Revision for Lower Income Brackets With "Carry Back" Provisions for Individuals. Calls for United Effort of Labor, Management and Government to Avoid Industrial Strife, but Does Not Expect Outbreak of Strikes.

Philip Murray

I do not have this evening any inside stories. I cannot tell you what is going on behind the scenes. I want to discuss with you some mutual problems.

There are millions of Americans—tonight—who are very severely worried. Many have lost their jobs—they received a pink slip advising them that they need not return to work until further notice. Others have had their work-week sharply reduced, which means a very drastic cut in wages. There are many other workers who are now waiting with grave anxiety for that pink slip.

---

*An address by Mr. Murray over the American Broadcasting Company, Aug. 19, 1945.

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The Stock Market During Period Of Reconversion and Beyond

By DR. WILLIAM F. EDWARDS*

Partner, Naess & Cummings, New York

Dr. Edwards Recounts the Forces That Produced the Bull Market Which Brought Prices to Highest Level in Eight Years, and Which, He Maintains, Fully Reflected Current Earnings. Expects Further Decline Which May Bring Prices Below Justifiable Values, and Believes That Disturbing Readjustments Can Be Looked Upon "As An Investment Opportunity to Ultimately Realize Substantial Profits."

It is hard to consider today the investment outlook and not become as confused as the city boy who, on his first visit to the country, tried to understand how a black cow could eat green grass and give white milk.

Dr. Wm. Edwards

At this milestone in history, many investors look into the future and see justification to be strongly bullish over the prospects for business and the stock market. There is much to support this point of view. However, if even the most optimistic investor takes his eye off the longer-term economic ball and concentrates upon the near-term handicaps, he will become concerned over the prospective score.

Investment success at this important turning point depends upon a proper diagnosis of the conflicting forces that come into play with V-J Day. Appropriately, therefore, in this close to the market discussion, my emphasis will be to present thoughts and market determining information that may lead toward a profitable balancing of these intermediate and longer-term forces.

Strong Bullish Forces

As a logical starting point for this excursion into the prospects for the stock market, we should keep constantly in mind the background leading up to the current phase of the market. It has been certain for a long time that the Allies would win a complete vic-

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*An address by Dr. Edwards delivered before the New York Society of Security Analysts, Aug. 17, 1945.

(Continued on page 846)

Penington Colket Co. To Admit Partners

PHILADELPHIA, PA. — John S. P. Makiver will be admitted to general partnership and G. Dawson Coleman and Edwin H. Vare, Jr. to limited partnership in Penington, Colket & Co., members of the New York and Philadelphia Stock Exchanges, as of Sept. 1. They will make their headquarters at the firm's Philadelphia office, 123 South Broad Street.

Mr. Makiver in the past was a partner in Donoghue & Makiver.

Will a Higher Minimum Wage Law Help Labor?

Professor Hastings Says It Would Decrease Employment, Raise Prices, Disturb Spreads Between Skilled and Unskilled Wages, Reduce Buying Power of Wages and Savings, Lower Benefits of Social Security Payments and Would Cause Loss to Endowed Institutions' Services to Working Classes.

In a radio talk on Aug. 5, over Station WTIC in the series, "Yale Interprets the News," Dr. Hudson B. Hastings, Professor of Economics at Yale University, pointed out objections to the bill now pending in Congress to raise the Federal legal minimum wage to 75¢ per hour. Professor Hastings was interrogated by Mr. Mullins of the radio company's staff and the questions and answers are herewith given in full:—

Prof. H. B. Hastings

Mr. Mullins: We have heard recently that identical bills have been introduced in the House and the Senate which would set a minimum wage that is much higher than what is now in effect. At first glance it would seem that this bill would help labor considerably. Would you tell us what the new bill calls for, Mr. Hastings?

Mr. Hastings: I would be glad to, Mr. Mullins. The principal provision of this bill would set a Federal legal minimum wage of 65¢ per hour for the first year following the passage of the Act, 70¢ for the second year, and 75¢ for the third year and thereafter.

Mr. Mullins: Mr. Hastings, what would you say are the ideas and motives of the official sponsors of this Act—those who will strongly support it?

Mr. Hastings: Well, Mr. Mullins, Senator Pepper who heads the list of 10 sponsors in the Senate stated: "It is my firm belief that an increase in the statutory minimum wage is a necessary step in bringing about an orderly reconversion of our country to a peacetime economy. The end of the war in Europe and the good news from the Pacific raises the immediate problem of how we can assure continued full production or at least something like the high level of production we have achieved during the war."

In other words he subscribes to the generally popular idea that if we **arbitrarily** increase the number of dollars in the weekly pay envelopes we are therefore certain to increase the number of units of goods and services which will be bought by consumers and therefore increase the total number of workers employed.

Organized labor is strongly supporting the bill not only for the reason stated by Senator Pepper but also because it will give them a substantial, and indeed a reasonable argument, for asking for an increase in the wages of the semi-skilled and skilled workers in order to preserve the tradition-

(Continued on page 851)

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SEC Hearing Set on Recent NASD By-Law Amendments

Projected SEC Hearing on NASD By-Law Amendments a Healthy Sign. Should Have Been Set Down for After Labor Day to Afford Interested Vacationists Opportunity to Be Represented. Dealer in Securities Comparable to Any Other Merchant. Professional Tinge Not Properly Applicable to Him. Who May Appear Before Commission.

10 A. M., Friday, Aug. 29, at Philadelphia, is the time and place of a hearing set by the Securities and Exchange Commission to pass upon recent amendments to the NASD by-laws which provided, among other things, for registration of salesmen, traders and others.

Although the notice is much too short, the summer an inopportune time since many who are interested are on vacation, and after Labor Day would be more suitable, we nevertheless believe this hearing to be a healthy sign. It will afford a needed opportunity to air the pros and cons.

This brings us to a coined beguiling phrase which was used to beat the tom toms in support of the instant amendments.

What is this drooling drivel about giving the securities industry a "professional tinge"?

Are its adherents aware that the term "professional" is frequently used in a derogatory sense? For example, one speaks of a professional gambler or a professional criminal.

Will the authors, sponsors, and protagonists of this policy, which they represent to have advantages, tell us in detail what it encompasses? We insist that they owe us the blueprint which will disclose the truth or lack of truth of their proclamations.

What is there about the merchant in securities which requires that he assume a status similar to that of a lawyer or a doctor?

For our own part, we can readily understand why such comparisons would prove particularly odious to merchants in securities. For centuries criticism of the lawyer by the public generally, by authors, poets, musicians, etc., etc., has been a wholesale stock in trade.

If the so-called "professional tinge" were limited to those who by law are required to register with the Securities and Exchange Commission under the Investment Adviser's Act, we would say that the recommendation had some sense. After all, investment advisers are paid specifically for the advice they give. Giving advice and being paid therefor constitutes their particular job.

However, as we see it, the dealer in securities differs in no respect from any other merchant. To him we must look

(Continued on page 850)

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Truman States Reconversion Policy

President Issues Executive Order Giving Directives to Federal Agencies "In Order to Promote a Swift and Orderly Transition to a Peacetime Economy."

President Truman

President Truman on Aug. 18 issued an executive order "providing for assistance to expanded production and continued stabilization of the national economy during the transition from war to peace" and giving policy directives and guiding principles to the various Government agencies in order to carry out the general plan. He urged prompt and concerted action in the reconversion process and all necessary action toward that end that can be taken without endangering the national stability and economy. He mentioned, among other things, as the goal to be attained the removal of controls over prices, wages, materials, and facilities and a restoration of collective bargaining and a free market. Wage increases will be permitted when they entail no rise in prices.

The text of the order follows:

Executive Order

Providing for assistance to expanded production and continued stabilization of the national economy during the transition from war to peace and for the orderly modification of wartime controls over prices, wages, materials and facilities.

By virtue of the authority vested in me by the Constitution and the statutes of the United States, and particularly the War Mobilization and Reconversion Act of

(Continued on page 837)

Looking Ahead

Deteriorating Dollar a New Factor in the Stock Market

John H. Lewis

Our broad opinion on the stock market has not been changed from that expressed on Dec. 5, last. Then our general conclusions were: "The Dow Jones Industrial Average will have a substantial advance in the first six months after V-E Day, such a rise will be much greater in percentage than during 1944 to date, and certain groups will do markedly better than the Dow-Jones Average. Of course that means also that we do not expect any important reaction (from current levels) in good industrial peace shares, either after V-E Day or during our reconversion period. As for the general run of rails and utilities, our attitude is quite indifferent at best. . . . The end of next year [meaning 1945] should witness the Dow-Jones Industrial Average at a level rather sharply higher than it is today with such stock groups as aircraft manufacturing, air transport, cement, department stores, metals, automo-

(Continued on page 834)

Edwin Herzog to Be Lazard Freres Partner

Lazard Freres & Co., 44 Wall Street, New York City, members of the New York Stock Exchange, will admit Edwin H. Herzog to partnership in the firm on Sept. 1. Mr. Herzog was formerly a partner in Shields & Co.

Viner to Admit Moss

Sidney W. Moss will be admitted to partnership in Edward A. Viner & Co., 11 Wall Street, New York City, members of the New York Stock Exchange, on Sept. 1.

Visitors to Wall Street

Henry G. Isaacs and Charles Ivey, of Aycock & Company, Royster Building, Norfolk, Va., paid Wall Street a visit on their way to Boston recently.

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ANALYSIS ON REQUEST

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Full Employment— Who Is Responsible?

By C. W. GREEN*

N. Y. Regional Manager, Committee on Economic Development

Mr. Green Asserts That the National Output of Goods and Services Must Be Increased From 30 to 45 Per Cent, With a Gross Output of From $155 to $170 Billions if Postwar Full Employment Is to Be Attained. Holds That to Attain This End (1) There must Be Expansion in Private Enterprise; (2) There Must Be a Favorable Climate for Expansion and New Businesses, and (3) There must Be Freedom From Industrial Strife. Says Responsibility for "Full Employment" Is Not Exclusive Province of Manufacturers and Industrialists, But Must Be Shared By Agriculturists and Distributors as Well.

The Committee for Economic Development in its approach to the problem of high levels of employment deals always in the premise that expansion of all American business, the raising of its sights, will result in a higher national economy with higher levels of employment. Its basic objective is the location of 7 to 10 million more jobs than were available in 1940.

C. W. Green

As far as the general public is concerned, rightly or wrongly, the yardstick which they use in measuring the performance of the economy **is jobs**. Therefore, having available a plenitude of productive peacetime jobs would seem to be of such consuming importance that it would be desirable to attempt to find answers to questions about those jobs, such as:

HOW MANY will be needed?
WHEN will they be needed?
WHERE will they be found?
HOW can they be created?

Plans for providing this greatly expanded employment must be ready to put into action quickly, because the period of greatest crisis may well be that between the fall of Germany and that of Japan. Our domestic economy is already confronted with a high percentage of the problems that total peace will bring. Cutbacks in war production have thrown millions of men out of employment and the probabilities are that the armed services are also beginning to release men. If we —Industry, Commerce and Agriculture—don't have plans ready to get these men back into civilian jobs as quickly as possible; if we are not prepared to deal with these problems now that Germany has fallen, partial peace may bring a partial paralysis of our economy. This would be disastrous, not only from the standpoint of winning the peace, but also that of finishing the war with Japan in the shortest possible space of time. Confusion and chaos on the home front would delay the day of ultimate victory; high and sustained civilian morale, based on confidence in the future, will hasten it.

Where Will These Jobs Be Found?

Employment is found in only two fields — Private enterprise

(Continued on page 847)

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*An address by Mr. Green at the Colgate Conference, Hamilton, New York, August 2, 1945.

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Capital Stock

Net quick assets in excess of $20 per share.
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Currently—Paying $2.00 per share.
Price—About $32.00

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Manufacturers of High Grade Calcium Chemical Magnesium — Building Lime

3-6% Bonds due Jan. 1, 1966

Outstanding _________ $539,950
Available for Bond Interest, six months ended June 30, 1945. $77,783
Interest Requirements @ 6% ____________ $16,198

We maintain a trading market in these bonds
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Brown Company 5, 1959
Foreign Pow. Securities 6, 1949
Gt. Brit. & Can. Inv. 4½, 1959
Intl. Hydro Elec. 6, 1944
London & Cdn. Inv., 4½, 1949
Mont. Lt. Ht. & Pr. 3½, '56, '73
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Power Corp. of Cda. 4½, 1959
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52 WILLIAM St., N. Y. 5 HAnover 2-0980
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New York Montreal Toronto

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Investment Company Portfolio Statistics

Study by National Association of Investment Companies Reveals Little Change in Cash Position in Second Quarter of 1945, But an Increase of Over 10% in Total Assets. Purchases in Period Were Predominantly Railroad and Public Utility Stocks and Railroad Reorganization Bonds.

Cash Position

Investment companies as a group held approximately the same amount of total assets in cash or its equivalent on June 30 as was held three months previously, according to a study issued August 13 by the National Association of Investment Companies. Total cash and U. S. Government bond holdings of the 30 largest broadly diversified funds amounted to $99 million on June 30, this year, vs. $97 million on March 31. Total assets of the 30 funds during the second quarter increased from $1,096 million on March 31 to $1,214 million at the end of June, an increase of over 10%.

Second Quarter Purchases

Railroad stocks and bonds, and public utility preferred and common stocks accounted for a large part of the securities in which purchases predominated. Nine railroad stocks and bonds were bought on balance by at least three of the 30 companies whose portfolios were analyzed. Louisville & Nashville stock was purchased by six funds and there were no sales. Baltimore & Ohio bonds were bought by five funds and sold by one. Purchases also predominated in the common stocks of Southern Railway, Pennsylvania Railroad, Southern Pacific, Baltimore & Ohio and Canadian Pacific, and in Northern Pacific and Chicago, Rock Island bonds. At the same time, the common stocks of Atchison, Topeka & Santa Fe and Chesapeake & Ohio were sold on balance, as were the bonds of Chicago, Milwaukee, St. Paul & Pacific System.

Public utilities represented in the list of securities in which purchases predominated included North American, Public Service of New Jersey, National Power & Light, United Light & Railways and American Light & Traction common stocks, and the preferred stocks of Commonwealth & Southern, Tennessee Gas & Transmission and Electric Bond & Share.

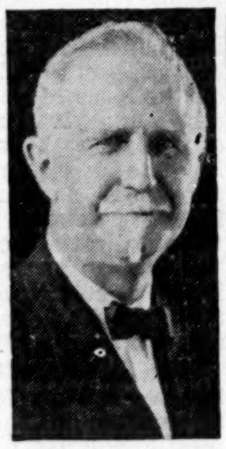
(Continued on page 840)

Farmers Beware!

By ROGER W. BABSON

Post-War Farm Prices Discussed

BABSON PARK, MASS.—I have just been reading a book written for farmers by Samuel Benner, who was born in Ross County, Ohio, in 1832. It is "Benner's Prophecies" and was first published in 1875 by the Robert Clark Co. of Cincinnati. His forecasts were based largely on the prices of wheat, iron and pork. He was the first business statistician to make forecasts from charts. His charts dated from 1819 until his death in 1884. A free summary of his work has been distributed by the Van Camp Hardware & Iron Co. of Indianapolis.



Roger W. Babson

Benner's Mistake

Although farmers owe much to Samuel Benner, he nevertheless made one basic mistake. In fact, if he had not, his books today would be selling as are the works of Effingham Wilson of London who sold Benner's publications in England. This mistake of Mr. Benner's was that he charted only **prices** and did not give sufficient attention to the **volume.** He should have charted the product by the price and the volume. This is what farmers should do today, rather than be mislead by Benner's theory.

For instance, 1,000,000,000 bushels of wheat selling at one dollar a bushel has the same potent effect as 500,000,000 bushels selling at two dollars per bushel. The same principle applies to all commodities and to business as a whole. It is the basis of the Babsonchart, a copy of which I will gladly send to any reader without charge. This is based upon a combination of the studies of Sir Isaac Newton and Effingham Wilson.

Government Interference

Until 1914 there existed truly free markets and—excepting in a few commodities which temporarily were cornered by big speculators—there had been no interference with prices. Since 1914, and especially, since 1940, the artificial regulation of prices and production has raised havoc with forecasting. However, this interference is a good deal like damming a stream of water. You can temporarily slow-up the flow, but you do not destroy the water. Sooner or later this water must go over the dam. It is on this assumption that the Babsonchart is based.

Not only is the U. S. buying huge quantities of farm products, but the farmers are getting Government bounties which upset forecasting. However, with the Atomic Bombs bringing the Japanese War to a speedy end, the next few years will see a lot of trouble for one crop farmers.

25 years ago the peak in World

(Continued on page 841)

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NSTA Notes

"40 OVER 14—NOW"

We are indeed very much in debt to our good friend Lou Walker, of the National Quotation Bureau who today increased his ad to a full page. Thanks, Lou, and I'm sure our members are grateful.

Your committee is confident we will pass our goal of $15,000 gross which, together with our great V-J happening, the NSTA meeting at Mackinac next week, should be most pleased with the cooperation of our entire membership in making this year of 1945 the best year we've had financially speaking.

We tabulate below results in ads to date:

Baltimore 5
Boston 5 up 2
Connecticut 1
Chicago 32 up 8
Cleveland 10
Cincinnati 8
Detroit 19 up 6
Denver 2
Florida 4
Grand Rapids 3
Los Angeles 5
Louisville 5
Memphis 3
Minneapolis 5
New Orleans 8 up 1
New York 84 up 10
Philadelphia 20
Seattle 5
San Francisco 2
St. Louis 13
Tennessee 5
Toronto 3
Texas 4

KIM we are now after booster listings, and will be most pleased to see your name listed in the NSTA supplement of the Chronicle to be published the week following the meeting at Mackinac—Harold B. Smith, Chairman NSTA Advertising Committee, Collin, Norton & Co., New York, N. Y.; A. W. Tryder, Vice-Chairman NSTA Advertising Committee, W. H. Newbold's Son & Co., Philadelphia.

NSTA ANNUAL MEETING PROGRAM

The following program has been arranged for the Annual Meeting of the National Security Traders Association, Inc. which will be held Aug. 28-30, 1945 at the Grand Hotel, Mackinac Island, Michigan.

Tuesday, Aug. 28, 1945

10:30 A. M. National Committee Meeting.
1:00 P. M. Luncheon.
3:00 P. M. Municipal Committee Meeting.

Wednesday, Aug. 29, 1945

2:00 P. M. Corporate Meeting—Patrick B. McGinnis, Speaker.
3:30 P. M. General Discussion.
5:30 P. M. Reception.

Thursday, Aug. 30, 1945

10:30 A. M. National Committee Meeting—Election of Officers.
1:00 P. M. Luncheon.

Registration fee $12.50.

In accordance with O. D. T. Regulations attendance is now limited to 150 persons instead of 50 persons as heretofore; this will permit the full attendance of all members of the Executive Council, Chairmen of Committees and National Committeemen and additional members.

Hotel reservations should be made direct with the Grand Hotel, Mackinac Island, Michigan.

Calendar of Coming Events

August 24, 1945—Cleveland Security Traders Association annual summer meeting at Manakiki Country Club.

August 28, 29 & 30, 1945—National Security Traders Association, Inc. annual business meeting and election of officers.

PUBLIC UTILITY STOCKS

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Public Utility Securities

Electric Bond and Share

Electric Bond and Share recently published three plans (really one plan in three stages) for conforming to the requirements of the Utility Holding Company Act. The company does not propose to dissolve, but will remain in business, retaining and developing its foreign interests through its controlling equity in American & Foreign Power. It will also retain Ebasco (the service company) with its large staff of engineers, analysts and accountants, which will broaden their activities into new fields.

Under Plan I, $30 a share in cash will be paid to preferred stockholders of Electric Bond & Share out of the large treasury funds now on hand (largely derived from the settlement with United Gas). Later, under Plan II, the remaining $70 par value will be retired by distributing a package consisting of common stocks of American Gas & Electric, Birmingham Electric, Carolina Power & Light, and probably Pennsylvania Power & Light, and some cash. The package to be given for each share of $6 preferred would include four-fifths of a share of American Gas, one-quarter share of Birmingham, and two-fifths share of Carolina; each share of the $5 stock will get four-fifths share of American, one-fifth share of Birmingham, and one-third share of Carolina. The amount of Pennsylvania remains indeterminate, and cash or other securities may be substituted. Plan II presupposes consummation of a proposal by National Power & Light for distribution of Birmingham and Carolina, and issuance of rights to its own stockholders (including Electric Bond) to subscribe for the stock of Pennsylvania. National has now filed its plan for recapitalizing Pennsylvania, which provides for sale by the latter of $18,000,000 common stock, to be offered for subscription to holders of National on the basis of one-third share of new Pennsylvania for each share of National. This would seem to indicate a subscription price of about $10 a share, but without further details regarding the recapitalization of Pennsylvania and the pro forma earning power, it is difficult to appraise the potential market value of the new common.

Plan III of Electric Bond & Share provides for "divestment" of securities of the remaining domestic holding companies—Electric Power & Light, American Power & Light, the small holding of Commonwealth & Southern, and any remaining holdings of American Gas, Birmingham, Carolina and Pennsylvania not used in retiring the preferred stocks. All these holdings would be sold for cash "or otherwise disposed of." Before consummating Plan III, Electric Bond would contribute to American Power, Electric and National sufficient cash or shares of the subholding company to settle all litigation or other clamis. This blanket provision provides for any necessary "Deep Rock" concessions by Electric Bond, together with settlement of a number of aggregate cost to Electric Bond & National, American, Electric and Utah P. & L. (see pages 24-26 of the plans).

It is impossible to estimate the aggregate cost of Electric Bond & Share of "Deep Rock" and other settlements. On the other hand, Ebasco may be a valuable asset. Disregarding both items and appraising the EBS portfolio largely on the basis of recent market prices, we arrive at the following classification and estimated values:

Cash and non-leverage securities	$60,000,000
Semi-leverage stocks	36,200,000
Leverage stocks	*123,800,000
Total	$220,000,000

The preferred stocks would be paid off largely in cash and semi-leverage stock (American Gas) with perhaps $25-35,000,000 value in National P. & L. holdings. This would leave a very substantial part of the leverage issues for the benefit of EBS common, together with Ebasco, but minus the cost of claims.

For each share of EBS common, the company holds or will hold .36 share of American & Foreign (new), .18 share of American Power, and .38 share of Electric Power. The most important holding, National Power & Light, amounts to .48 share for each share of EBS, and during the interim before National is wound up and its holdings (Pennsylvania, Birmingham and Carolina) are distributed to Electric Bond

---

*Includes $63,800,000 for EBS's holdings of FP, assuming the latter's plan is consummated and that the new stock can be evaluated at 10 times pro forma earnings.

(Continued on page 833)

Midland Realization common

Midland Utilities common

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Tomorrow's Markets Walter Whyte Says—

Rail break threatens entire market structure. Industrials should start moving up in next few days if rally potential is to materialize.

By WALTER WHYTE

What tripped the market this time is something that you can argue about for days, or even years, and all it will get you is a lot of fancy theories. And after you have these theories they still won't be worth a dime as margin. Stock will still have declined, and that will be the only solid fact in the whole discussion.

* * *

Last week I went overboard about the atomic age. I saw such things that I'm afraid I was incoherent. But whether I made myself clear or not the fact remains that the stock market cannot cope with this new power in terms of advances and declines.

But going back to the current market and leaving

(Continued on page 853)

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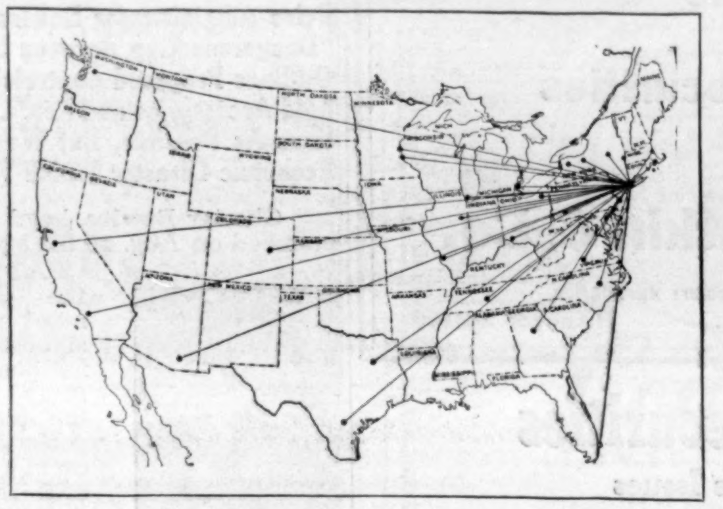
Mtg. Loans Decline

According to a study published July 14 by the Mortgage Bankers Association of America, farm and city mortgages owned by the Federal Government declined last year by more than 19%.

The association reports that at the end of 1943, the Federal Government owned 10.4% of all city and farm mortgages outstanding and last year the total declined to 9.4%. It is added, however, that the mortgages which the Government lost didn't increase the total held by private interests since they showed a decline of 7.1%. The reason is that high national income provided borrowers with more money to pay off their mortgages.



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Says We Have Wartime Wage Inflation

Gen. Ayres Points Out That Whole Economy Must Be Adjusted to the New Wage Rates.

"Wages and salaries paid to employees in private businesses in 1944," says Gen. Leonard P. Ayres in the Business Bulletin of the Cleveland Trust Company for August, "amounted to nearly twice as much as they did in the boom year of 1929. This seems astonishing when it is remembered that the year 1929 was the most prosperous in our history prior to this war period. The new data come from a revision of the estimates of national income now being carried through by the Department of Commerce.

Leonard P. Ayres

"In the boom year of 1929," he continues, "the wages and salaries amounted to a little more than 45 billion dollars, and the workers receiving them numbered slightly more than 32 millions. The average annual earnings per full-time employee were 1,408 dollars. The lowest paid workers were those in forestry, with an average of 414 dollars, and the highest paid were the brokers, with an average of 3,172 dollars.

"In 1933, at the bottom of the Great Depression, the number of workers had shrunk to a little more than 23 millions, and their earnings had decreased to less than 24 billion dollars, or an average of only 1,019 dollars. In that year the lowest paid workers were on the farms, and their average earnings were 234 dollars. The highest paid were still the brokers, with average earnings of 2,742 dollars for the year, but there were only about two-thirds as many of them as there had been in 1929 when the great bull market for stocks came to its end.

"In 1944 the wages and salaries amounted to nearly 84 billion dollars, and the workers receiving them were not far from 38 millions in number. The average annual compensation was 2,220 dollars. We do not yet have the details for 1944, but in 1943 the lowest paid workers were those in forestry, as they had been in 1929. Their average compensation was 577 dollars. The highest paid ones were still the brokers, with an average of 3,872 dollars. Brokerage employees are largely young men, and in 1943 there were less than half as many of them as there had been at the bottom of the depression.

"We are in the midst of a wartime inflation of wages," General Ayres concludes. "It is just as truly an inflation as was the inflation in commodity prices that accompanied and followed World War I. It is quite unlikely that there will be a rapid and general decrease in wage rates when peace returns, but our whole economy will have to make many and difficult readjustments to accommodate itself to the new rates of compensation."

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Freight Cars in Service

The Class I railroads put 21,948 freight cars in service in the first six months of this year, the Association of American Railroads announced on July 23. This included 9,352 box, of which 8,765 were plain and 587 were automobile box cars; 3,561 gonodola, 7,215 hopper, 380 flat, 1,133 refrigerator, 220 stock, and 87 miscellaneous cars. During the first six months of 1944 the roads had installed 15,431 freight cars.

The Class I railroads also put 315 new locomotives in service in the first six months of 1945 of which 52 were steam and 263 were Diesel. Locomotives installed in the same period last year totaled 494 of which 190 were steam, one electric, and 303 Diesel.

New freight cars on order on July 1 totaled 29,402, compared with 31,283 on June 1, 1945, and 41,236 on July 1, 1944. New freight cars on order on July 1 this year included 18,914 box, of which 16,524 were plain box cars and 2,390 were automobile box cars; 4,425 gondola, 3,625 hopper, 932 flat 1,437 refrigerator, 19 stock, and 50 miscellaneous freight cars.

They also had 508 locomotives on order on July 1 this year, which included 111 steam, two electric and 395 Diesel. The total on July 1, 1944, was 581 locomotives, which included 179 steam, two electric and 400 Diesel.

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News on Various Issues

WE HEAR THAT:

Allerton New York Corporation will make an interest distribution at the rate of $17.00 per $1,000 on its outstanding 2-6's-1955 on September 1st. A principal payment of $17,500 has been made in reduction of the first mortgage, and in addition, earnings for the six months ended June 30th also provided a sinking fund of about $8,000 applicable to the 2-6's-1955.

Broadway Motors Building Corporation in asking for tenders by August 14th to exhaust the sum of $150,000, retired about $185,000 bonds at an average price of slightly above 79. We understand bonds were accepted as high as 81⅞. With the retirement of these bonds, this issue originally in the amount of $6,000,000 has been reduced below $2,900,000.

40 Wall Street Building, Inc. will on September 1st make an interest distribution at the rate of $20.00 per $1,000 on the Income Debentures of 1966 and, in addition, will operate a sinking fund of approximately $56,000. The previous semi-annual payment was $21.50 per $1,000 and the sinking fund approximately $60,000. The previous income period did, however, contain about $66,000 non-recurring income so that the six months earning period, ended June 30, 1945, actually reflects an improved operating profit.

Hotel Lexington, Inc. will on September 1st make an interest distribution of 2% on each outstanding unit. In spite of satisfactory earnings for the six months period ended June 30th, and even though only three dissents to the corporation's proposal to amend the indenture in order that all surplus funds could be used for debt retirement instead of the stipulated 1% each six months now that funded debt has been reduced below $3,000,000 from $3,900,000, the directors have decided that for this period the 1% stipulation will be adhered to. Accordingly, about $22,000 will be available for retirement of the income mortgage bonds and about $5,700.00 for retirement of Income debentures, the balance of surplus earnings being retained as working capital.

New York Title & Mortgage Co.—"Series Q" will make a 3% principal distribution August 31st to reduce original $1,000 Certificate to $550.00.

"Series BK" will make a 6% principal distribution August 31st to reduce original $1,000 Certificate to $710.00.

Return to Enlightened Despotism

By RUFUS S. TUCKER*

Economist, General Motors Company

Asserting That Planned Economy Is Merely a Modification of Totalitarianism, Dr. Tucker Traces Its Precedents During the Eighteenth Century and Points Out That Their Failures Led to Adoption of *Laissez Faire* or Non-Interference With Individual Choice or Activities. Holds Proposals of Today's Planners Are No Sounder Than Those of Other Days, and, if They Persist, Will Lead to Serfdom. Says We Can Still Resume Our March Along the Highway of Individual Liberty, Progress and Prosperity as Our Revolutionary Ancestors Did.

Rufus S. Tucker

Mr. Von Hayek in his very able and timely book **The Road to Serfdom** maintains that socialism and its less radical manifestation, government planning, inevitably lead to serfdom, citing the examples of Germany, Italy and Russia. The word "serfdom" is not literally correct, since that institution historically included an hereditary factor and a residential one. Under serfdom the son of a farm laborer or tenant, was bound to continue as such on the farm where his father had been. Under modern totalitarianism heredity would not in theory determine one's economic position, although both in Germany and Russia there have been exceptions to this rule, and workers would certainly be transferred from place to place in accordance with the decrees of the State. However the seniority rules now imposed on wage earners make voluntary transference from job to job very difficult, and the loans to farmers to assist them in buying their farms have the effect of tying them to one place for twenty years, on penalty of losing their life's savings. But the modern totalitarianism resembles the medieval serfdom in the essential point, which is that the individual's economic activities are not determined by his own choice but by authority. The word "serfdom," therefore, is a sufficiently close description of totalitarianism. The question is, therefore, does government planning of the sort now rife in Britain and the United States inevitably lead to totalitarianism?

Of course human activities re-

(Continued on page 850)

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*An address by Dr. Tucker before the American Academy of Political and Social Science, Philadelphia, March 30, 1945 which could not be accommodated previously in our columns because of the paper situation.

OPA's Post V-J Day Program

Price Administrator Bowles Lists Objectives of Price Control to Offset "Dangerous Gap Between Sudden Victory and Sound Prosperity." He Outlines Proposed Controls on Food, Clothing, Automobiles and Household Accessories and Rents. Says "We Want As Few Rules and Regulations As Possible, But We Must Not Be Blind to the Tragedies of the Economic Disaster Which Followed Last War."

Chester Bowles

Chester Bowles, head of the Office of Price Administration, announced on Aug. 15 his agency's five-point program for carrying out OPA's part in the Government plan to stabilize the national economy during the transition period. He called for cool heads and continued cooperation of business, workers, farmers and consumers to see the stabilization job through.

The Price Administrator said that there is a "dangerous gap between sudden victory and sound prosperity—but we are going to get across it, and I believe price control is the center span in the bridge.

"Right now our fighting men have a right to our strongest assurance that they will return to the security they have fought for.

"At this crucial time workers are entitled to our assurance that they will not have to pay higher prices for the food and clothing they are going to need in the next few months.

"Right now farmers in every section of the country deserve to know that their costs are going to stay on an even keel.

"Right now 44,000,000 people who live in rented homes and apartments are entitled to the Government's guarantee that there will be no unnecessary rise in their monthly rent.

"And right now every business man is entitled to feel sure that the general level of materials prices is going to be kept stable.

"And we must keep faith with bondholders and the millions who live on fixed incomes by seeing to it that the value of their money is preserved.

"All six of these groups deserve the best protection that we can get out of a sound price structure on which we can build a sound prosperity. I want them to know that OPA is going to use every resource at its command to make price control work for the good of industry and consumer alike.

"Our economic fumbling right after the last war delayed orderly peace-time reconversion for more than two years. First of all, right after the Armistice was signed prices of some things sagged a bit under the shock of cutbacks. Three months later the prices started shooting upward, with wages tagging along behind, as usual.

"We weren't prepared for that inflationary spiral and we weren't able to head off the disastrous collapse that came 16 months later. That disaster brought suffering and misery to millions of business men, farmers, workers, and veterans who had come home expecting a good job. We cannot afford to fumble again.

(Continued on page 852)

Dealer-Broker Investment Recommendations and Literature

It is understood that the firms mentioned will be pleased to send interested parties the following literature:

Magazine Publishing Industry comprehensive study — Adolph Lewisohn & Sons, 61 Broadway, New York 6, N. Y.

Railroads in the Reconversion Period—study of the outlook for the railroads—McLaughlin, Baird & Reuss, 1 Wall Street, New York 8, N. Y.

Research Comment — leaflet containing data on **Great Northern Railway** and **American Utility Service**—H. Hentz & Co., 60 Beaver Street, New York 4, N. Y.

Two Interesting Oil Stocks—memo on the **Atlantic Refining Company** and **The Pure Oil Company**, containing a comparison of 15 oil company stocks—Estabrook & Company, 15 State Street, Boston, Mass., and 40 Wall Street, New York 5, N. Y.

American Forging & Socket Company—Analysis of current position and outlook — De Young, Larson & Tornga, Grand Rapids National Bank Building, Grand Rapids, Mich.

Atlanta & West Point Railroad—Circular—Adams & Peck, 63 Wall Street, New York 5, N. Y.

Benguet Consolidated Mining—circular—F. Bleibtreu & Co., Inc. 79 Wall Street, New York 5, N. Y.

Also available are memoranda on **San Mauricio Gold Mines** and **Mindanao Mother Lode Mining.**

Boston Terminal 3½s of 1947—Analytical report describing reorganization status and proposed plan—**Greene & Co.,** 37 Wall Street, New York 5, N. Y.

Buda Company — analytical study—Walston, Hoffman & Goodwin, 265 Montgomery Street, San Francisco 4, California.

Also available is a detailed study of **Detroit Steel Products Company.**

Central Railroad of New Jersey Bonds — A study — Newburger & Hano, 39 Broadway, New York 6, N. Y.

Consolidated Cement Corp. Class A—Bulletin on recent developments—**Lerner & Co.,** 10 Post Office Square, Boston 9, Mass.

Also available are circulars on **Central Iron & Steel, Kingan & Co.** and **Riverside Cement.**

Consolidated Electric & Gas Co. preferred and **Central Public Utility Corp.** Income 5½s of 1952—A study—Brailsford & Co., 208 South La Salle Street, Chicago 4, Ill.

Consolidated Gas Utilities and **The Chicago Corp.**—Circulars—Hicks & Price, 231 South La Salle Street, Chicago 4. Ill.

The Cross Company—Analysis of condition and post-war prospects—F. H. Koller & Co., Inc., 111 Broadway, New York 6, N. Y.

Also available are analyses of **Liquidometer Corp., Delaware Rayon, New Bedford Rayon,** and **Great American Industries.**

(Continued on page 852)

SAN FRANCISCO TRADING IN NEW YORK STOCKS

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Bernard Baruch Optimistic on America's Future

Elder Statesman of Two Presidents, Still Virile and Alert, Says Prosperity Will Be of Our Own Making. Says That American People Are Not Subordinate to State, as in Some Other Lands. Urges a Post-War Tax Program, a Slashing of Public Debt and a Public Works Program.

On Aug. 19, Bernard M. Baruch reached his 76th birthday, still "virile and alert," according to a Washington dispatch to the New York "Times."

Bernard M. Baruch

Mr. Baruch, who was a special advisor to President Wilson in World War I and who performed the same services for the late President Roosevelt, expressed himself to reporters as now "making my second round trip," and is still busy with plans for demobilization and reconstruction.

"I find I am still interested in the same things and am looking into the future, not the past," Mr. Baruch said. "If I start looking backwards, I'll quit. Ladies are still the most charming things in the world. I guess I am no older and no wiser."

Speaking of the problems of reconversion, Mr. Baruch said: "The human side of reconversion has not yet been activated properly. Where is the plan for absorbing the 10,000,000 enlisted men and women, the 8,000,000 war workers into the population, and giving them a chance to make a life of their own choice?"

In honor of Mr. Baruch's natal day, his son, Comdr. Bernard M. Baruch, Jr., gave a party at The Shoreham Hotel on Thursday, Aug. 16. Among those present were Secretary and Mrs. James Francis Byrnes, Secretary and Mrs. James V. Forrestal, Under-Secretary of War Robert P. Patterson, Fleet Admiral William D. Leahy, J. A. Krug, head of the War Production Board, and Samuel Rosenman, special counsel to the President.

Some one asked Mr. Baruch, in commenting on the post-war plan to counteract depression, "if he feared the future of America."

"I'm never afraid of the future of America," Mr. Baruch replied. "I have boundless faith in Americans taking care of themselves, if they are told what to do and why."

According to the New York "Times" dispatch, Mr. Baruch urged an immediate consideration and adoption of a post-war tax policy, a slashing of the public debt, and also a public works program to aid in the reconversion process.

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Forecasts Post-War Conditions in Detroit Area

Local CED Committee Sees No Widespread Unemployment, but Cautions There'll Be No "Surplus Jobs." Predicts Output of 6,000,000 Automobiles Annually.

The Detroit Metropolitan Area will take reconversion in stride with a minimum of unemployment and with the probability of establishing new records in commerce and industry immediately its productive power is finally turned from making war to building peacetime prosperity.

This is the composite opinion of 7,000 employers of nearly a million men and women in Wayne, Oakland and Macomb Counties. Their best judgment as to the facts and the probabilities has just been compiled by the Committee for Economic Development in a post-war employment survey believed to be the most complete ever undertaken in the United States.

While the future seems bright it is not without serious problems, an analysis of the CED survey reveals. Its directors are particularly anxious that it not be interpreted as an invitation to flood the Michigan labor market. Because of the tremendous labor supply attracted by war production and because work must be found for some 200,000 returning veterans who belong to Wayne, Oakland and Macomb Counties, it seems unlikely that there will be a job to spare.

The CED survey was started in April with the distribution of a questionnaire and with the aid of the Detroit Board of Commerce, the Michigan Planning Commission, the School of Business Administration of the University of Michigan and the Michigan Unemployment Compensation Commission. The survey includes all employers of eight or more persons in the Metropolitan Area, subject to unemployment compensation. Replies have been received from 7,000 out of 7,800 inquiries sent out.

Approximately 704,000 persons were employed by the 7,800 firms in the three-county area in April, 1940. In April of this year, under the impetus of war production, the number had risen to 953,000.

Replies indicate that 668,000 persons will be employed during the period of reconversion, that 911,000 will be employed when reconversion is completed and that 1,083,000 can be employed under "highly prosperous business conditions."

It is estimated that reconversion, which actually started July 1, 1945 will cover a period of approximately 18 months and that 286,000 persons, 187,000 men and 99,000 women, will be unemployed for some period during that time. The survey indicates that the average time required for reconversion by these 7,000 firms will be three and one-half months assuming tools and materials are available.

Taking the automotive industry as an index, the CED survey assumed that "highly prosperous business conditions" would exist with the manufacture of 6,000,000 motor vehicles a year. The previous high was 5,000,000 vehicles and over a period of several years before the war the average was 3,500,000.

CED survey directors have concluded that the manufacture of 6,000,000 cars a year for several years after reconversion has been completed, is no indulgence in undue optimism. They point out that about 4,000,000 automobiles have been scrapped since their manufacture was halted in 1942. Those now operating average over eight years old. They will be scrapped at the rate of 3,000,000 a year as soon as new cars are available. There will be a demand for at least 1,000,000 trucks per year and possibly 200,000 cars a year for export.

It is believed that 6,000,000 cars a year can be sold for a number of years and that the facilities for building them exist.

The CED survey shows that 129,000 women were employed by these 7,800 firms in 1940 and 284,000 in 1945. Employers believe that 186,000 women will be employed during the reconversion period and 204,000 thereafter—75,000 more than before the war. Under "highly prosperous" conditions the number would rise to 235,000 or 106,000 more than before the war.

The CED survey indicates that 79,500 persons in the three counties will quit their jobs after the war ends. However, not all of these will be taken out of the labor market. It is estimated that 15,500 men, most of them over age, will retire, that 18,250 women will return to their homes and that 9,000 men and 4,000 women will quit and seek work outside Michigan. Approximately 16,000 men and 6,300 women will leave present employers to seek other work in the community or go into business for themselves and 7,500 men and 3,400 women will seek other jobs within the state but outside the metropolitan area.

These figures on personnel losses are only estimates because employers, for obvious reasons, did no canvass employes on the subject.

The three-county area has approximately 300,000 men and women in the armed services. Of these about 75,000 may be retained in the permanent post-war armed forces. It is estimated that about 25,000 of those returning will go to school. This means that jobs must be provided for approximately 200,000 of them.

All of which indicates that while employment gives promise of remaining at a high level there will be no surplus jobs in the Detroit area except under tremendously favorable business conditions.

Further processing of the CED survey by the tabulating department of The Detroit Edison Company is continuing. A detailed booklet will be issued in printed form by the local Committee in about eight weeks. General information valuable to labor and business in every type of undertaking and industry will be available without violating the confidential returns of the individual employer. This should be especially valuable to the 150 trade organizations and local businessmen's organizations who assisted in this survey.

Wm. H. Leininger, President of the Leininger Industrial Company, is CED Chairman of the Detroit Area.

James W. Parker, President and General Manager of The Detroit Edison Company, is CED Chairman of the Detroit Area Advisory Committee; and Ben E. Young, Vice-President of the National Bank of Detroit, is CED Chairman of the Detroit Area Executive Committee; H. Lynn Pierson, President of Detroit Harvester, is CED Detroit District Chairman, and C. C. Carlton, Vice-President of Motor Wheel Corporation, is CED State Chairman.

The CED survey was directed and supervised by Edward C. Fielder, CED State Manager; and W. B. Hurley, of The Detroit Edison Company, and a member of the CED Executive Committee.

O'Donnell and Welsh Are With Pflugfelder

The New York Stock Exchange firm of Pfugfelder, Bampton & Rust, 61 Broadway, New York City, announce that James O'Donnell and John J. Welsh have now joined their organization. Mr. O'Donnell was formerly a partner of Struthers & Dean and more recently associated with Mabon & Co. Mr. Welsh was formerly associated with Theodore Prince & Co., and more recently with Laurence M. Marks & Co.

Russia Ratifies UNO

It was reported over the Moscow radio on August 20, that the Presidium of the Supreme Soviet ratified the United Nations Organization Charter. As the United States and the Provisional Government of France have already formally ratified the Agreement drawn up at San Francisco, Russia is the third of the five great powers to have given their assent. Great Britain and China have not yet ratified it. A number of smaller nations have already given approval.

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HERBERT!

By MARK MERIT

This is a story about Herbert, seventeen years of age, a junior clerk in the Schenley mail-room on the 35th floor of the Empire State Building. Like his older "brothers" in the uniforms of our armed services who have been cited for heroism by the thousands, he is nothing if not modest.

It happened on that fateful day when a bomber crashed in the fog, thru one of the upper stories of the world's tallest building. Our lad was descending in the elevator to the lobby floor when the crash occurred. When the car stopped the young woman operator was in a highly nervous condition. He assisted her to the street and safety.

But he had ideas—this lad. He knew that he had left several girls in the Schenley mail-room and thought that they would be panic stricken by now. He was right. So he went back to the elevator and ran it up to the 35th floor to bring down the girls. However, they had already descended in another car. He then ran the elevator to the 41st floor—the end of the line on that bank. On his way down he stopped at every floor. Each time he opened the doors he shouted "Going down"! He brought down a carfull of highly nervous passengers. Still he didn't stop, but made repeated trips, never certain about what he would find at the top each time he got there.

Well, a week went by before this incident was reported to Schenley's president. Our young man was very much worried when he was called "on the carpet". He thought he'd be fired for running the elevator, but this story has a happy ending. Our president presented him with a war bond. And that's the story of a young man without a uniform—not even an elevator operator's uniform.

Add, that Herbert Fabian (that's his name) said, when interviewed by this recorder: "I've always wanted to run one of those things and here was my chance"!

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Public Utility Securities

(Continued from page 830)

preferred, EBS common stock should benefit by any increase in its value.

Based on the portfolio value cited above ($220,000,000) and allowing for retirement of preferred stocks at $110 rather than $100, liquidating value of EBS might approximate $20. Allowing for estimated potential increase in the value of holdings before consummation of the three plans (which may take a period of years) a future liquidating value of $28 for EBS would seem not unreasonable. There are, however, so many "ifs and ands" in the picture that all estimates must be treated only as intelligent guesswork.

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Looking Ahead

(Continued from page 827)

bile accessories, metal fabricating, household products, machinery, and building doing better than average."

As a test on the accuracy of the above conclusions to date, we give below the position of the Dow-Jones Averages on Dec. 5, 1944, May 8, 1945 (formal end of hostilities in Europe) and currently, with the ranges for 1944 and 1945:

PRICE LEVEL OF DOW-JONES AVERAGES

	Industrials	Railroads	Utilities
Dec. 5, 1944	148.58	44.14	25.46
May 8, 1945	166.42	56.42	30.85
Aug. 14, 1945	164.79	54.53	32.53
Range 1944	152.53—134.22	48.40—33.45	26.37—21.74
Range 1945	169.08—151.35	63.06—47.03	33.50—26.15

The percentage advance in the Dow-Jones Industrial Average from the low of 1944 to December 5 last was 10.69%. A similar advance from the level on May 8 last (when V-E Day was formally announced) would put this average up to 184.21. In accord with our opinion above, we expect a greater rise than this by November 8, next, which would be six months after V-E Day.

As long ago as Jan. 15, 1944, we considered that the inflationary potentials coupled with deferred demands impinging on our economy "will be the most sustaining and potent influence on the stock market for many months ahead." We obviously then had the money and also the deferred demands to spell a splendid aggregate volume of business, come peace. Now, a year and a half later, the spelling is still correct and the letters are larger. No one argues very much about this premise. Indeed, it is the reason number one why investors generally will probably refuse to liquidate peace shares now. They are confident that peace will bring a large volume of business to most corporations. They also are reasonably sure that the post-war demands will take more than a year to satisfy. It would be surprising and historically exceptional if a liquidating wave hit common stocks in a period of solid hopes and anticipation rather than during a stage of materialization.

But when we give priority among stock market factors to "inflationary potentials coupled with deferred demands" we are thinking of something else besides just ample liquid individual and corporate funds to match deferred needs and produce a much better than normal volume of production and trade. By "inflationary potentials" we also mean deterioration in the purchasing power of money, a deterioration which seems likely to continue after the war. The cost of living index as measured by the Bureau of Labor Statistics has risen about 30% from the 1935-1939 level. But this index does not give weight to black market prices. The index of wholesale prices (Bureau of Labor Statistics) has advanced 31.5% from its 1935-1939 level. Admittedly we face over the next few months rather general wage increases. Already our average straight-time hourly wage in manufacturing industries is 48% above the 1935-1939 level. Once price controls are lifted or liberalized by the OPA, as they will be because of the necessity for production and employment, it would not be too surprising to find that the cost of living is 40% to 50% above pre-war levels and that many things have risen more than 50% above their pre-war prices. So if we assume that the early post-war price level will be 50% above pre-war, it means that the purchasing power of the dollar is only two-thirds of its pre-war level. If it costs $15,000 to build a house after the war which before cost $10,000, the value of the latter would tend to be increased under even normal housing conditions. That is, if a fair gross rental return on the new house is 8%, or $1,200, then the pre-war house would tend to rent for more than 8% of its depreciated value, and hence its value would increase. Likewise in the long run and assuming an indefinite continuance of an unbalanced budget, the increased costs of new production facilities will tend to raise the intrinsic or gold value of present production units. This means that the prices of common stocks would be reappraised under the conditions assumed.

Now this principle that the prices of common stock investments, particularly of industrial companies operating in a free market, must necessarily be reappraised upward in an extended period of currency deterioration, induced by an unbalanced budget and causing concern about the value of the monetary medium, is one which our generation does not fully appreciate. It means that the prices of such common stocks under such conditions will advance regardless of current earnings. The cost and income return required to induce construction of new production facilities cause an increase in the potential income or value of existing plants. Perhaps the nearest approach to such a background in our time was in 1919, the year after the last war ended, when industrial common stocks advanced over 36%, although per share earnings declined over 8%. In that year wholesale prices advanced 16% from very high levels. But that was certainly not a simon-pure example because in 1919, we did not have behind us budget deficits for 14 years nor did we have any reason to expect a continuance of war-time deficit financing or a Government guarantee of wage levels. That is, we had not yet reached the stage politically where pressure groups dominated national policies, where so-called social consciousness caused Governments to put individual security above everything else. We were so old-fashioned then as to believe that even as individuals so should nations balance their budgets.

Now our argument is that common stocks will be purchased increasingly in the post-war period not only for their current and potential yields, but to fulfill a function of "store of value." It is probably true that many investors have held stocks and will continue to do so because of apprehension over our budgetary deficits and their continuity. But certainly this factor has not been an aggressive, potent force in the stock market. The Dow-Jones Industrial Average is currently (Aug. 14) only 16.3% above its average median price for the five years 1935-1939. We have noted that wholesale prices and the cost of living have increased respectively 31½% and 30% over their 1935-1939 levels.

If our contention is sound, why is it that since 1939, the subsequent huge total of budgetary deficits has not caused such general concern as to attract sufficient funds to drive common stocks much higher? C'est la guerre. It was true even in Germany during the last war that there was no general apprehension that the paper mark could no longer fulfill the function of the "store of value." The decline in purchasing power was not attributed to its real cause, the continuance of note-issues, but to the rise of prices resulting from the war, etc. Official explanations are sufficient to a patriotic people in war-time. It is an emergency during which a large part of a nation is concentrating on victory, wholeheartedly buying Government bonds and hoping for the best in the aftermath. Indeed, it would be indelicate, if not downright unpatriotic, for any one to say too much about his deteriorating currency during war. Moreover, in this war, prices generally have been held down reasonably well by controls.

We can see no reason to believe that our budgetary deficits will not continue in the peace ahead and in amounts substantially exceeding the pre-war totals. In that probability is the basis for our opinion that a new factor will soon begin to work in the stock market. Others are thinking of this. Sen. Walter E. George, Chairman of the Senate Finance Committee, on July 27 said that unless the Federal Government soon departed from the philosophy of deficit financing and started to balance expenditures against revenues it "might shake the confidence of the American people in the soundness of the dollar. That would kindle a belief in the people which would be comparable to monetary inflation." We would not like to have it inferred from such a quotation that we believe monetary inflation is just ahead of us. No one can confidently espouse such an opinion. All we say is that because of the probable continuance of deficit financing and other policies of our Federal Government, general concern as to the future purchasing power of the dollar will arise soon and introduce an important new factor in evaluating common stocks of companies having control over prices for their products or services.

There can scarcely be any doubt that expenditures by our Government during this fiscal year will be at an unprecedented level for peace-times. Sen. Robert A. Taft outlined last month some of the vast relief and lending commitments contemplated by our Federal Government. "Beginning with July 1, 1945," he said, "these may be tabulated as follows:

Relief expenditures by UNRRA	$900,000,000
Relief expenditures by the Army	1,000,000,000
Lend-Lease through FEA	4,375,000,000
International Bank	9,100,000,000
International Fund	2,750,000,000
Export-Import Bank	3,500,000,000
Total	$21,625,000,000

There could be added at least between one and two billion dollars dismissal pay for those returning from the military services. There is a "shelf" of $25,000,000,000 of potential public works contemplated by the Government, of which $4,100,000,000 will be completely planned by next June 30. And no one really knows what the cost of policing and aiding the various defeated nations will be. All of this and more, besides our regular budget requirements, which will be much larger than pre-war, leaves little doubt of a large budgetary deficit for this year.

There is some basis for the opinion that a rather permanent deterioration of the purchasing power of money faces us. That is important. If it were a temporary condition, our argument herein would never have been made. When Congress reconvenes next month it will consider first the White House-backed legislation to provide maximums of not less than $25 weekly unemployment pay for 26 weeks in every State, with the Federal Government supplementing State funds. Then there are four or five bills before Congress which would amend the Fair Labor Standards Act and raise our minimum hourly wage from 40 cents to 65 cents. Some of these bills propose to increase the minimum wage from 65 cents to 75 cents after two years. Under the Fair Labor Standards Act of 1938, the national minimum was to be 40 cents by Oct. 24, 1945. The minima for 1938 and 1939 were respectively 25 cents and 30 cents. You will not that $25 a week is very close to 65 cents an hour for

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a 40-hour week. If these proposals pass the Congress then we will have put a floor under wages and taken initial steps to guaranteeing mass purchasing power. Wages constitute 60% to 70% of the cost of most manufactured products. Thus they are indeed a very important part of the general price level. If wages are fixed at a high level by our Government, then prices must rise or be maintained at a high level. Of course, technological developments may enable us to increase production per man-hour enormously, so that prices could be reduced even with the current and prospective higher wages. But who believes that our labor unions will be bashful in the future, what with the success of their political efforts last fall, the continued susceptibility of Congress to labor's demands, and the spur to action received last month from the Labor triumph in Great Britain? No, it appears that we may witness in the next few months the beginnings of a new type of inflationary spiral, one initiated by raising the floor of minimum wages, and then promoted by Governmental acquiescense to increased wage demands. Hence, the Government may assist the inflationary forces arising from huge money supplies and deficit spending by pegging at higher levels the most important factor in costs and prices. Currently the average hourly straight-time wage in manufacturing industries is about 42% above August, 1939, before the war started. They may well be 55% to 60% above the latter level by this year-end and the minimum hourly wage then may be slightly above the actual average hourly wage in the summer of 1939.

As we see it, the months ahead will bring an avalanche of orders for industry and trade, higher wages and prices, an airing of the inflationary implications of deficit spending and Government policies and tax reductions. That is an array of forces which we think will much more than offset the concern about the obviously temporary unemployment and reconversion difficulties.—**JOHN H. LEWIS, John H. Lewis & Co.**

Greene & Co. Admits Canavan as Trader

Greene & Co., 37 Wall Street, New York City, announce that John J. Canavan has become associated with them in their trading department. Mr. Canavan has been away from Wall Street for several years doing Government work, after having spent many years specializing in over-the-counter securities.

Florin With Mason Moran

(Special to THE FINANCIAL CHRONICLE)

CHICAGO, ILL.—Mason, Moran & Co., 135 South La Salle Street, have added Henning A. Florin to their staff.

With H. H. Butterfield

JACKSON, MICH. — **Michael Barton, Jr.** has joined the staff of **H. H. Butterfield & Co.,** Jackson City Bank & Trust Company Building. He was previously with the Jackson City Bank.

NASD Announces Plans to Expand Services

25,000 Individuals to Become Registered Representatives by Oct. 1. "Red Herring" Prospectus Problem Being Studied. Will Handle Credit Extension Applications Under "Regulation T."

The National Association of Securities Dealers, Inc., is preparing for registration of partners, officers and certain employees of members as so-called "registered representatives" comparable to registration of employees of stock exchange firms. It is estimated that 25,000 to 30,000 individuals will be processed by NASD between now and Oct. 1.

The Association is also studying the problem of distribution of "red-herring" prospectuses in connection with offerings of new securities to the public. Three months ago the SEC made a "general policy" announcement, the effect of which has been to restrict severely use of "red-herrings" for circulating information among the trade on forthcoming issues of securities. The situation is said to have worked a hardship upon securities dealers in the interior who in the past relied upon "red-herring" prospectuses for notices of forthcoming new issues as well as pertinent information with regard to them.

The NASD committee studying the subject with a view toward finding a solution to the problem of such dealers follows: James Parker Nolan, Washington, Chairman; Clement A. Evans, Atlanta; Irving D. Fish, New York; S. Davidson Herron, Pittsburgh; June S. Jones, Portland; John J. Quail, Davenport; John B. Shober, New Orleans, and J. Robert Shuman, San Francisco.

The "NASD News" discloses that the Association is preparing to expand its services to members by handling applications for extensions of credit under "Regulation T" of the Federal Reserve System. The Board of Governors of the Federal Reserve recently authorized NASD to undertake this work, until now done solely by the stock exchanges. Machinery for handling requests of members is being established rapidly throughout the country.

Reflecting the recent marked increase in the number of firms and individuals engaged in the securities business, the Association reports that at the end of July its membership, 2,293, was largest since the close of 1942. Most of the increase has occurred this year, although consistent monthly net gains have been recorded since March, 1944.

The Association discloses that the majority of new members have come from military ranks and activities directly related to the war. Many former dealers who dealt exclusively in "municipals" also are said to have joined NASD in order to broaden their participation in underwritings of new securities. Membership in the Association, which hit a peak of 2,900 in 1941, declined more than 700 during the first two years of the war.

Marxer & Company Is Formed in Detroit

DETROIT, MICH. — The new firm of Marxer & Co. which has opened at 1310 Penobscot Building, is headed by George C. Marxer, who has been in the investment business since 1916. For the past 15 years he has been associated with Cray, McFawn & Co., Detroit as manager of the unlisted securities department.

George C. Marxer

The new firm will deal in general Michigan unlisted securities, and will feature the distribution of regulated investing company shares. Mr. Marxer believes that the present day investment trust, under Federal supervision, should definitely fill a need of the small investor, giving him the benefits of diversification, with able professional management.

Formation of Marxer & Company was previously reported in the Chronical of Aug. 16.

Business Man's Bookshelf

Work Simplification—as exemplified by the work simplification program of the U. S. Bureau of the Budget — Public Administration Service, 1313 East 60th Street, Chicago 37, Illinois—paper—$1.00.

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Announces Investment Research Service

Shields & Company to Make Accessible Data on Investment Securities.

An investment research service which will extend the findings of expert investigators in financial centers to investors in every state is the latest development in the securities field. This service, pioneered by Shields & Co., investment bankers with headquarters at 44 Wall Street, New York City, makes accessible to selected firms throughout the country the current data on investment securities which have hitherto been available only to the largest financial institutions with extensive research facilities. In the past year, more and more emphasis has been placed on unlisted securities and consequently non-member as well as member firms have found this service practicable.

True investment research is much more than the study of published figures, Eugene Barry, a partner of Shields & Co., pointed out. It involves not only an analysis of annual reports, trade magazines and statistical manuals, but also frequent field investigations to discover new products, trends and developments which may affect a company's earning powers. Even when all this material is at hand, constant rechecking is necessary to assess the effects of new Government regulations, new competition and similar factors which may alter the basis for an investment evaluation.

The demand for the syndication of these research findings, the firm says, has been accelerated by the scarcity of trained financial analysts caused by the war. The average firm has not been able to find men capable of carrying on this type of investigation, which at the same time has increased rapidly in importance.

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Ohio Municipal Comment

By J. AUSTIN WHITE

J. Austin White

As this is being written (Saturday, Aug. 18) it can safely be said that during the week or so that the end of the war was being concluded—and celebrated—there has not been enough business in Ohio municipals to allow one to determine accurately what effect on prices the end of the war has brought. For a year or two there have been many predictions that the end of the war would bring much lower prices for municipals, because of a larger supply and a reduction in income tax rates. In view of all these predictions of lower prices, it was to be expected that bids for municipals would be lowered when the fighting actually ceased.

Bids are indeed lower, probably by some .10 to .20% in yield, plus a wider margin of profit. But it would be well, in appraising the present market situation, to realize that business has been slow in municipal bonds for probably two months. Naturally, in such dull periods prices tend to recede, and it is safe to say that from its high in May the Ohio municipal market was off some .05% to .10% in yield, before the atom bomb was announced, Russia declared war on Japan and the Japs asked to quit. All of these important developments have slowed sales in an already dull market.

The Ohio Municipal Price Index quoted elsewhere in these columns shows the index for 20 Ohio bonds to be off .20% in yield from June 20, 1945. Some of this decline is due to the expectation in some quarters of a larger supply of municipals and lower income tax rates, both to the extent of reducing the price level for municipals. However, some of this decline is also due to the fact that bonds have not been moving too well for some two months. How much of the decline is due to each of these factors cannot be determined.

It is obvious, however, that there has been no indication, as yet, at least, on the part of anyone to dump municipals onto the market. In fact the supply of bonds since the first of August has been quite small, and there have been few bargains available, even in the previously slow moving issues. Moreover, there appears to be still present a continuing, widespread and powerful demand for municipals. Perhaps the larger buyers are trying to buy bonds "cheap" during this period of unsettlement, but, in the first place, they are probably meeting with little success, and, in the second place, it is very possible that if bonds are not forthcoming at "cheap" prices these buyers may likely again return to previous ideas of yield.

All of this is not intended to predict the future course of prices, not even in the Ohio municipal market—long ago we learned never to predict, especially in writing, what prices will do. Rather are these comments intended to emphasize that, in view of the previous widespread talk of lower municipal prices after the war, it is somewhat surprising, and somewhat of a token of the underlying strength of the municipal market, to realize how little decline in price can now actually be laid to the final surrender.

On Monday, Aug. 13, Cuyahoga County sold $1,625,000 of bonds due 1946-50 at 100.10 for a ¾% rate. Although the actual final surrender of Japan was not announced until the following day, most people felt, at the time of this sale, that the war was over. Yet the price paid for the bonds was only slightly, if actually any, less than what would have been paid even two months ago. On Aug. 7, Franklin County sold $140,000 bonds due 1946-55 at 100.89 for 1's, a price again only slightly less than the bonds would have brought two months ago.

War Contract Cancellations and Municipal Credit

Talk of cutbacks in war contracts has changed, almost overnight, to widespread contract cancellations. This wiping off the books of billions of dollars in war business, with the resultant loss of jobs by millions of taxpayers, will not be without effect upon municipal finances. A stringent labor shortage, with jobs for all who want to work, with fat pay envelopes, overtime and double time pay, $50 and $100 week wages, mean easy tax collections for municipalities and states, little expense and no financial burden for relief, swollen tax receipts from excise levies and, finally, higher property valuation from which to obtain taxes.

On the other hand, elimination of overtime and double time, return to 40 hour week at regular time, one or two shift factory output instead of two or three shifts, complete abandonment of plants that formerly paid fabulous wages to thousands of employees, sizeable lay-offs in other plants—all mean that taxes will not be so easily collected, that expenses for relief are likely to increase (at a time when revenues of states and municipalities decrease) and, therefore, that some communities may encounter fi-

(Continued on page 837)

Ohio Municipal Price Index

Date—	*	†	‡	§
Aug. 17, 1945	1.40%	1.62%	1.17%	.45%
Aug. 8	1.26	1.47	1.05	.42
Aug. 1	1.25	1.46	1.05	.41
July 25	1.23	1.44	1.03	.41
July 18	1.22	1.42	1.02	.40
June 20	1.20	1.39	1.01	.38
May 16	1.19	1.35	1.02	.33
Apr. 18	1.19	1.34	1.03	.31
Mar. 14	1.27	1.43	1.11	.32
Feb. 14	1.30	1.47	1.14	.33
Jan. 17	1.33	1.49	1.17	.32
Dec. 13, 1944	1.34	1.51	1.18	.33
Nov. 15	1.36	1.53	1.19	.34
Oct. 18	1.35	1.53	1.18	.35
Sep. 13	1.32	1.50	1.14	.36
Aug. 16	1.31	1.49	1.13	.36
July 12	1.31	1.48	1.15	.33
Jan. 1, 1944	1.41	1.58	1.23	.35
Jan. 1, 1943	1.83	2.01	1.65	.36
Jan. 1, 1942	1.92	2.13	1.70	.43
Jan. 1, 1941	1.88	2.14	1.62	.52
Jan. 1, 1940	2.30	2.58	2.01	.57
Jan. 1, 1939	2.78	3.33	2.24	1.09
Jan. 1, 1938	2.98	3.42	2.55	.87

*Composite index for 20 bonds. †10 lower grade bonds. ‡10 higher grade bonds. §Spread between high grade and lower grade bonds.

Foregoing data compiled by J. A. White & Co., Cincinnati.

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Ohio Brevities

Directors of National City Bank of Cleveland boosted the bank's surplus account $2,000,000 by transferring to surplus $1,250,000 from undivided profits and $750,,000 from reserves.

Capital stock is $9,000,000 and surplus now amounts to $11,000,000 with undivided profits totalling $1,568,000 and reserves $3,022,000 after the transfers. The bank's legal loan limit is increased by $200,000 to $2,000,000 by the action, President Sidney B. Congdon said.

* * *

Chairman Tom M. Girdler of Republic Steel Corp. announced election of N. J. Clarke as senior Vice-President and J. M. Schlendorf as Vice-President in charge of sales.

Clarke entered the steel business as an office boy before the turn of century with old Bourne-Fuller Co. He served as a Major in the ordnance department in the first World War and returned to Bourne-Fuller as Vice-President and general manager. In 1919 he organized and was made President of Lake Erie Bolt & Nut Co. Since September, 1930 or shortly after the corporation was formed, he became Vice-President in charge of sales for Republic. Schlendorf was appointed manager of sales of the alloy steel division of Republic in 1930 and in 1936 was made assistant Vice-President in charge of sales.

George E. Allen, insurance executive of Washington, D. C., has been elected a director of Republic Steel.

* * *

Cleveland Trust Co., Cleveland's and Ohio's largest bank, plans to establish its 47th branch bank in Euclid, a Cleveland suburb, sometime this fall, President George Gund announced.

In keeping with its policy of "taking the bank to the people," the bank felt there was a real need for supplying convenient banking service in view of the industrial and residential growth in Euclid, he said.

* * *

S. B. Taylor, manufacturing Vice-President of Reliance Electric & Engineering Co. of Cleveland, has been made President of Parker Appliance Co., also Cleveland.

Taylor succeeds H. I. Markham, who was recently elevated to Chairman of the board. Markham had served as President following the death last Jan. 1 of Arthur L. Parker, founder and chief executive of the company.

Markham is a partner in the investment banking firm of Paul H. Davis & Co. of Chicago, and has been associated with Parker Appliance since 1940 and vice-president of the company since 1942.

Taylor, also elected a director, came to Reliance engineering department in 1925. He became works manager in 1931, a director in 1935 and Vice-President in March, 1943.

* * *

On the first of September Frank M. Stephens, operating Vice-President of the Ohio Bell Telephone Co., becomes President of the Wisconsin Telephone Co.

Stephens, an Ohio Bell official since 1923), succeeds William R. McGovern. Stephens, former Chairman of the Columbus and Cleveland Red Cross chapters, also had been general manager of Ohio Bell's southwestern area with offices at Columbus. He is an industry member of the National War Labor Board's Telephone Commission.

* * *

Edward G. Gray, Cleveland representative of the plastics division of General Electric Co. chemical department, for 16 of his 20 years with the company, has been appointed sales manager of laminated products for the division. Henry D. Randall, formerly in the post, becomes assistant to the general sales manager of the chemical department.

Gray is a graduate of Rose Polytechnic Institute and took his Master's degree in mechanical engineering at Massachusetts Institute of Technology. He is a member of the American Society of Mechanical Engineers, Cleveland Engineering Society, Society of Plastics Engineers and Illuminating Engineering Society.

Randall is one of the pioneers in the plastics industry and came to General Electric in 1912, after having spent 10 years with Westinghouse and Allis Chalmers.

* * *

A number of members of the Cleveland Chapter, American Institute of Banking, took part in the annual district officers' conference of the American Institute of Banking held in Akron early this month.

The conference, held each year to prepare for the fall term of AIB educational classes, emphasized the educational problems and needs of the returning veterans.

F. J. Blake, President of Cleveland chapter, led the panel on "Chapter Administration."

Others participating included Miss Marjorie Shutts, who headed the panel on "Women's Committees." Miss Josephine Brophy of National City Bank of Cleveland also was a member of that panel.

Elbert L. Frank, national associate councilman for Ohio and assistant Vice-President of Cleveland Trust Co., was in charge of a panel on "Chapter Educational

(Continued on page 845)

William Clark Rejoins Merrill Turben & Co.

CLEVELAND, OHIO — William H. Clark has returned to Merrill, Turben & Co., Union Commerce Building, members of the Cleveland Stock Exchange, after three years in the municipal bond department of Paine, Webber, Jackson & Curtis.

Mr. Clark started in the securities business in 1935 with Mitchell, Herrick & Co., going to Merrill, Turben four years later.

In his new position, he will handle corporate bonds and stocks as well as municipal and government bonds. He is a governor of the Bond Club of Cleveland.

Whitehead With Hopkins

(Special to THE FINANCIAL CHRONICLE)

CLEVELAND, OHIO—Gardiner H. Whitehead has become associated with H. C. Hopkins & Co., Union Commerce Building.

Charles A. Hoskin Joins Staff of McDonald & Co.

(Special to THE FINANCIAL CHRONICLE)

CLEVELAND, OHIO — Charles A. Hoskin has become associated with McDonald & Co., Union Commerce Building, members of the Cleveland Stock Exchange. Mr. Hoskin had been with Hornblower & Weeks in Cleveland for the past twenty years.

Correction

In the Financial Chronicle of Aug. 9, it was reported that Peck, Shaffer and Williams, First National Bank Building, Cincinnati, Ohio would enter the investment business to deal in general securities. We have been informed by the firm that this is in error, Peck, Shaffer & Williams having practiced law continuously and exclusively since its founding in 1888 and intending to continue to practice law and law only in the future.

Truman States Reconversion Policy

(Continued from page 827)

1944, the First War Powers Act of 1941, the Second War Powers Act of 1942, as amended, and the Stabilization Act of 1942, as amended, and for the purpose of fully mobilizing the resources of the Government in this final stage of the war emergency, in order to promote a swift and orderly transition to a peace-time economy of free, independent private enterprise with full employment and maximum production in industry and agriculture and to assure the general stability of prices and costs and the maintenance of purchasing power which are indispensable to the shift of business enterprises from war-time to peace-time production and of individuals from war-time to peace-time employment, it is hereby ordered as follows:

I

1. The guiding policies of all departments and agencies of the Government concerned with the problems arising out of the transition from war to peace shall be:

A. To assist in the maximum production of goods and services required to meet domestic and foreign needs: (1) by assuring assistance in making available materials and supplies required for the production of such goods and services; (2) by providing assistance to the conversion and utilization of war plants and facilities, both privately and publicly owned, and (3) by providing effective job placement assistance to war workers and returning service men and women.

B. To continue the stabilization of the economy as authorized and directed by the Emergency Price Control Act of 1942, as amended, and the Stabilization Act of 1942, as amended, (1) by using all powers conferred therein and all other lawful means to prevent either inflation or deflation; and (2) while so doing, by making whatever modifications in controls over prices, wages, materials and facilities are necessary for an orderly transition from war to peace; and

C. To move as rapidly as possible without endangering the stability of the economy toward the removal of price, wage, production and other controls and toward the restoration of collective bargaining and the free market.

2. The departments and agencies of the Government shall take vigorous, concerted and uniform action toward these ends and pursuant to this order, under the guidance and direction of the Director of War Mobilization and Reconversion.

II

During the transition to a free economy, the Secretary of Agriculture, the Federal Loan Administrator and the Director of Economic Stabilization shall not only take all measures required by law to support prices but shall take such further measures authorized by law as may be necessary to prevent any collapse of values or discouragement of the full and effective use of productive resources.

III

The Price Administrator and, in the exercise of his price responsibilities under the law, the Secretary of Agriculture, shall, subject to such directives provided for by law as may be issued by the Economic Stabilization Director, take all necessary steps to assure that the cost of living and the general level of prices shall not rise. Subject to such authority, the Price Administrator and, in the exercise of his price responsibilities under the law, the Secretary of Agriculture, are authorized to make such adjustments in existing price controls as are necessary to remove gross inequities or to correct maladjustments or inequities which would interfere with the effective transition to a peace-time economy. In order that any price increases found necessary for these purposes will not result in an increase in the cost of living or in the general level of prices, the Price Administrator and the Secretary of Agriculture respectively shall (1) so far as is reasonable, practicable and necessary for this purpose, see that such price increases do not cause price increases at later levels of production or distribution, and (2) improve and tighten price controls in those fields which are important in relation to production costs or the cost of living in which in their judgment the controls have heretofore been insufficiently effective.

IV

1. The National War Labor Board, and such other agencies as may be designated by the Director of Economic Stabilization with the approval of the Director of War Mobilization and Reconversion, are authorized to provide that employers may, through collective bargaining with duly certified or recognized representatives of the employees involved or, if there is no such representative, by voluntary action, make wage or salary increases without the necessity of obtaining approval therefor, upon the condition that such increases will not be used in whole or in part as the basis for seeking an increase in price ceilings, or for resisting otherwise justifiable reductions in price ceilings, or, in the case of products or services being furnished under contract with a Federal procurement agency, will not increase the costs to the United States.

2. In addition to the authority to approve increases to correct gross inequities and for other specified purposes, conferred by Section 2 of Title II of Executive Order 9250, the National War Labor Board or other designated agency is hereby authorized to approve, without regard to the limitations contained in any other orders or directives, such increases as may be necessary to correct maladjustments or inequities which would interfere with the effective transition to a peace-time economy; provided, however, that in dispute cases this additional authority shall not be used to direct increases to be effective as of a date prior to the date of this order.

Where the National War Labor Board or other designated agency, or the Price Administrator, shall have reason to believe that a proposed wage or salary increase will require a change in the price ceiling of the commodity or services involved, such proposed increase, if approved by the National War Labor Board or such other designated agency under the authority of this section, shall become effective only if also approved by the Director of Economic Stabilization.

3. Officials charged with the settlement of labor disputes in accordance with the terms of Executive Order 9017 and Section 7 of the War Labor Disputes Act shall consider that labor disputes which would interrupt work contributing to the production of military supplies or interfere with effective transition to a peace-time economy are disputes which interrupt work contributing to the effective prosecution of the war.

V

The War Production Board shall move as rapidly as feasible without endangering orderly reconversion and the stabilization of the economy to free business from its controls. During the transition it shall use all of its authorized powers to expand the production of materials which are in short supply; limit the manufacture of products for which materials or facilities are insufficient; control the accumulation of inventories so as to avoid speculative hoarding and unbalanced distribution which would curtail total production; grant priority assistance to break bottlenecks which would impede the reconversion process; facilitate the fulfillment of relief and other essential export programs, and allocate scarce materials or facilities necessary for the production of low-priced items essential to the continued success of the stabilization program.

New York Stock Exchange Weekly Firm Changes

The New York Stock Exchange has announced the following weekly firm changes:

Fuller M. Rothschild will retire from partnership in Rothschild & Co., Chicago, on Aug. 31.

M. Livingston Delafield, partner in Delafield & Delafield, New York City, died on Aug. 15.

Cawthorne & Troeber, New Curb Member Firm

Cawthorne & Troeber has been formed with offices at 120 Broadway, New York City. Partners are Wm. W. Troeber, member of the Curb Exchange, and C. C. Cawthorne. Mr. Troeber in the past was active as an individual Curb floor broker.

Weier Resumes in N. Y.

Henry Weier is engaging in a securities business from offices at 29 Broadway, New York City. In the past Mr. Weier was a partner in Henry Weier & Co.

Ohio Municipal Comment

(Continued from page 836)

nancial difficulties for the first time in several years.

Communities which are most likely to encounter financial difficulties are, of course, those which have a heavy debt burden to carry (overall debt, not simply direct debt), those which have a lack of diversified economic pursuits to provide continuing incomes to taxpayers, and those whose people are of such characteristics that they are given to spend freely in such periods as the country has just been through, without saving for the rainy day that might be ahead.

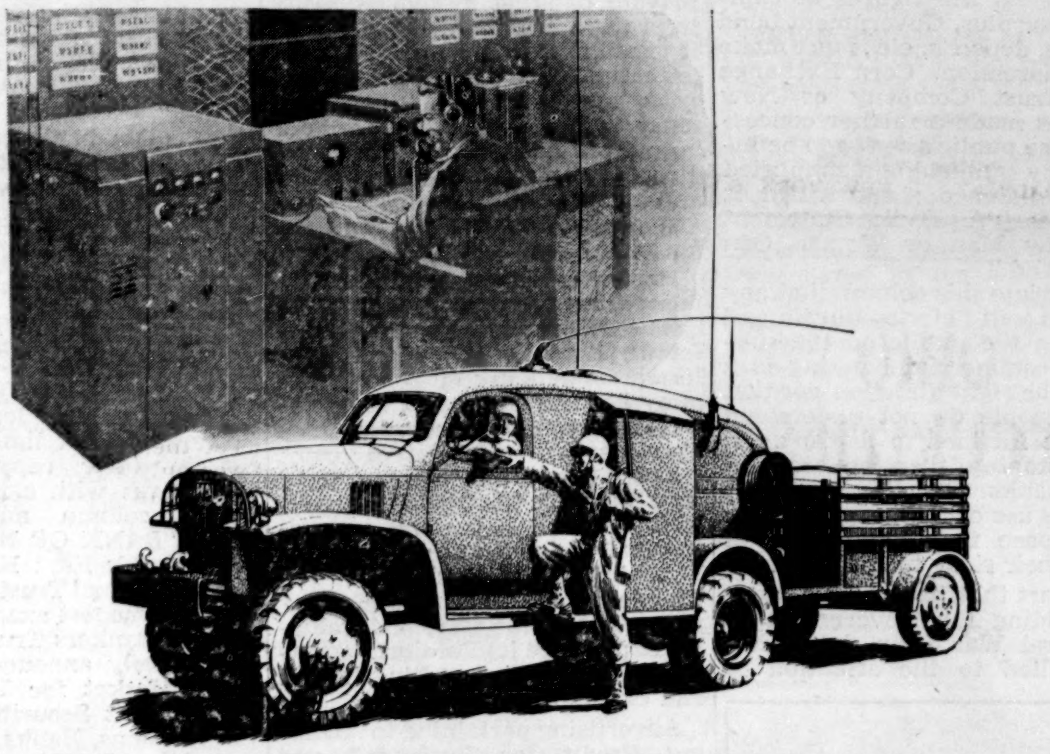
Thus, it would be well for the investor to review his portfolio with the thought of disposing of bonds of such communities in favor of those which have only a light debt burden to carry (overall burden, not simply direct), which enjoy well diversified economic pursuits for greater assurance of a continuing ability to pay taxes, and which boast of a thrifty populace that will likely have funds with which to pay taxes in difficult times as well as in prosperous times.

One must admit — one surely hopes — that the oft-mentioned unemployment, running to some 8,000,000, may be only temporary, to last only a few months until industry can reconvert to the task of supplying the huge pent-up demand for civilian goods. Yet one would also do well to look ahead for two or three years to appraise the employment situation when this pent-up demand may have been satiated. At such a future date it may well be advantageous to have disposed of obligations of the communities which, as stated above, will be most vulnerable to slackening employment.

Atomic Bomb May Indicate the Value of Diversification

Moreover, it is more than interesting to give some thought to the effect which the principle of the atomic bomb may have upon the financial stability of those communities which do not enjoy diversified economic activities. For example, the utilization of atomic energy is reported to provide almost unbelievable quantities of heat. One might cogitate for a moment or two upon the possibility that this source of heat might supplant the use of coal — and upon the future stability of coal mining areas, in such an event. One might also consider the future credit of communities the economy of which depends upon one or two concerns, or industries, which are situated in particular communities because of proximity to sources of power which may be out-moded by the harnessing of atomic energy.

It is difficult to predict the future stability of any one industry—much less so, any one concern. But this very difficulty is, always has been and always will be, the reason that diversification is a valuable asset, to a community, to an investor, to an individual.



THE STORY BEHIND THE SCR-299

SCR-299 is the Army's abbreviation for Signal Corpsradio transmitter number 299. It is the most powerful mobile radio broadcasting unit ever made and is the darling of Allied communications men on every front.

But the significant thing about SCR-299—so far as Hallicrafters are concerned—is that long before the war this same piece of equipment had been conceived and perfected for the peacetime use of radio hams. Although it had been put upon a large volume production-line basis, demand was running far in excess of supply. At that time it was known all over the world, among radio men, as the HT-4, or Hallicrafters Transmitter Number 4. . . . When Hallicrafters can once more return to production for peace instead of war, they will not be confronted by any problem of converting specially developed war techniques.

In addition to the amateur market (which, by the way, will be about four to five times greater than before the war) radio will be extensively used in commerce and industry—on land, at sea and in the air. And when radio engineers submit plans and specifications Hallicrafters equipment will still be "the radio man's radio."

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BUY A WAR BOND TODAY!

hallicrafters RADIO

THE HALLICRAFTERS CO., WORLD'S LARGEST EXCLUSIVE MANUFACTURERS OF SHORT WAVE RADIO COMMUNICATIONS EQUIPMENT, CHICAGO 16, U. S. A.

INSURANCE & BANK STOCKS
Bought — Sold — Quoted
ANALYZED - REVIEWED - COMPARED
Special Bulletin and Booklet Service to Dealers & Brokers
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TELETYPE L. A. 279 - L. A. 280

Bank and Insurance Stocks

This Week — Bank Stocks

By E. A. VAN DEUSEN

Banking is still a dignified and mysterious business, though fortunately not quite so silk-hatted and reticent as it used to be. Yet the public is strangely ignorant, even today, of the essential and indispensable nature of the service which commercial banking renders to the economic and social needs of the nation, to say nothing of its scope and variety.

Happily, bankers have come to realize in recent years the value of a friendly instead of a suspicious public opinion, and of well-informed instead of poorly-informed stockholders. Consequently, annual reports to stockholders have developed into informative and revealing documents, which find their way into the news columns of the daily newspapers. Furthermore, it has become the practice of most important banks to buy generous space in the newspapers, four times a year, for the purpose of displaying to the public a "Statement of Condition." And even though this may seem Greek to some newspaper readers, nevertheless the figures of capital and surplus, Government bond holdings, deposits, etc., must make some impression. Corn Exchange Bank Trust Company of New York has made a further concession to the public's desire to be informed by publishing a simplified form of balance sheet which it designates "A Bank Statement That Any Man or Woman Can Understand."

It seems to this column that any step that will help to educate and enlighten the public on the subject of commercial banking is a step in the right direction, for that which people do not understand they are inclined to distrust. It it encouraging, therefore, to find many banks resorting to more generous use of newspaper advertising space for the purpose of telling their story to the people.

The part that banks have played in aiding the Government in its several War Loan drives has been called to the attention of newspaper readers, in many instances, through such advertising. Guaranty Trust, for example, recently displayed a forcible three-column 11½ inch display advertisement entitled "Help Them to Final Victory," and offering its services in the handling of subscriptions. Irving Trust, too, had a three-column six inch display, entitled "Your Country is Still at War, ARE YOU?" Many other examples could be cited.

Bankers Trust Company, only a few days ago, had a four-column 10½ inch display in the papers entitled "The Banks Are Ready," in which it stated that "America's private banking system is ready to provide industry with the credit needed for the shiftover to peacetime activity," and closed with the invitation to "get in touch with your bank and find out how it can help you over the hurdles of war-contract termination and assist you in getting squared away for the new conditions ahead."

Post-war foreign trade is a peacetime activity in which the banks will play an important role. Irving Trust Company and Public National Bank & Trust Company have recently had some interesting two-column nine inch examples of informative copy. Irving's is entitled "Do You Need New Business Contracts Abroad?" and includes particulars regarding its Foreign Trade Information Department. Public's title is "The Financial Link In Foreign Trade," and refers to the long and valuable experience its Foreign Department had had in handling import and export letters of credit.

Advertising pertaining to "Banking Credit for Business," and commercial borrowing in general, with informative detail, frequently is displayed by many leading banks, including, for example, Public National Bank, Manufacturers Trust, Girard Trust Company of Philadelphia, etc.

Chemical Bank & Trust Company, from time to time, runs a two-column eight inch display pertaining to its trust department functions, for example: "As Executor of Your Will." Marine Midland features in its advertising "The Marine Midland Common Trust Fund," while Commercial Trust Company of New Jersey, calls attention to its "Analysis of New Tax Laws in New Jersey."

Public National has a two-column 8½ inch display headed "Four Questions About Her Husband's Will Which Every Wife Should Ask," while Chase National runs a small one-column 3½ inch advertisement regarding "Pension and Profit-Sharing Plans."

Canadian banks, too, are using space in New York's newspapers, thus, Bank of Montreal features its facilities for promoting "Canadian-American Commerce," while The Royal Bank of Canada invites "inquiries from business firms and banks interested in Canadian business," and The Canadian Bank of Commerce advertises "Progressive Canada."

Some of the leading banks, however, are at times very modest in their copy, contenting themselves with a few inches of single column announcements, thus: "BANK OF NEW YORK—New York's First Bank Founded 1784—Personal Trusts Since 1830." Another modest example is in the case of Bankers Trust which unobstrusively announces: "A Primary Market for United States Government Securities — Serving Corporations, Banks, Institutional and Other Investors."

Continental Bank & Trust Company of New York recently displayed a three-column seven inch announcement of its Seventy-Fifth Anniversary in which it stated that it "was founded 75 years ago today."

Corn Exchange National Bank & Trust Company of Philadelphia has been running an interesting series of signed advertisements in the Philadelphia papers. These are usually 10 inch by 14 inch displays and treat of the various services which the institution is equipped to render to the public. The latest one is entitled "What Is the Limit of Our Service?"

Many other examples of informative bank advertising could be given if space permitted, a fact which in itself is encouraging. The private banking system of America is doing a splendid job, and it is doubly important in these days of socializing and nationalizing tendencies that the American public should become aware of this fact. Probably one of the most effective means of accomplishing this would be through a long range program of suitable newspaper advertising.

NEW YORK
TRUST CO.
Bought—Sold—Quoted
A.M. Kidder & Co.
Members New York Stock Exchange and other leading exchanges
1 WALL ST. NEW YORK 5
Telephone DIgby 4-2525

BANK
and
INSURANCE
STOCKS
Laird, Bissell & Meeds
Members New York Stock Exchange
120 BROADWAY, NEW YORK 5, N. Y.
Telephone: BArclay 7-3500
Bell Teletype—NY 1-1248-49
(L. A. Gibbs, Manager Trading Department)

NEW JERSEY
BANK STOCKS
•
J. S. Rippel & Co.
Established 1891
18 Clinton St., Newark 2, N. J.
MArket 3-3430
N. Y. Phone—REctor 2-4383

Underwriters · Distributors · Dealers
in Corporate Securities
FIRST CALIFORNIA COMPANY
INCORPORATED
INVESTMENT SECURITIES
300 Montgomery Street, SAN FRANCISCO, Teletype SF 431-432
650 South Spring Street, LOS ANGELES, Teletype LA 533
Private Wires between San Francisco, Los Angeles, New York and Chicago
OFFICES IN PRINCIPAL CALIFORNIA CITIES

UAW Asks 30% Wage Rise From General Motors—Action Viewed as Precedent for Industry

The disclosure that a 30% wage increase would be sought for 300,000 unionized automobile workers of the General Motors Corporation plants throughout the country, by the United Automobile Workers, Congress of Industrial Organizations affiliate, was made at Detroit on Aug. 18 by Walter P. Reuther, Vice-President of the UAW, who stated that he had forwarded to General Motors demands to this end. According to Associated Press advices from Detroit, Mr. Reuther, who is director of the UAW's General Motors department, indicated that the demand upon General Motors may be the forerunner of similar action throughout the industry. These advices, as given in the New York "Herald Tribune," went on to say: In a letter to C. E. Wilson, President of General Motors, he proposed that Mr. Wilson take the initiative in bringing about a conference looking to an industry-wide application of the wage increase. In that case, Mr. Reuther said, the demand upon General Motors would be withdrawn in favor of the industry-wide negotiation.

The union leader pointetd out in his letter to Mr. Wilson that under the new Government policy announced Thursday [Aug. 16] by President Truman wage increases are permissible, provided they do not necessitate increases in prices.

"The profit and reserve position of General Motors," he asserted, "provides ample margin for absorption of the wage adjustment without necessitating price increases."

Mr. Reuther asserted that General Motors had made "tremendous" profits during the war period and said that labor productivity had increased sharply.

The demand for a 30% wage increase, he said, is necessary to maintain take-home pay of the workers, which has dropped 30% by a reduction of the work week from 48 hours to 40 hours.

There was no immediate comment from officials of General Motors. The union demand came as virtually every employer in the industry faced the necessity of laying off thousands of workers following the cancellation of war contracts.

Goldman Sachs Offers Cudahy Packing Preferred

Goldman, Sachs & Co. heads a group that is underwriting the exchange and public offering of a total of 100,000 shares of the Cudahy Packing Co. 4½% cumulative preferred stock ($100 par). Of the total, 25,280 shares were offered Aug. 21 to the public at $100 a share and the remaining 74,720 shares are being offered in exchange, on a share-for-share basis, with a cash adjustment, to holders of the company's outstanding 6% and 7% cumulative preferred stock.

The purpose of the financing is to retire all the company's outstanding 6% and 7% preferred stock and to provide additional working capital. Exchanging stockholders will receive in cash the difference between the redemption prices of their stocks, including accrued dividends as of Nov. 1, 1945, and the initial public offering price for the new 4½% stock.

The preferred stocks not exchanged under the offer, which will expire on Aug. 27, 1945, will be purchased by the underwriting group and may also be offered to the public. Outstanding stock not exchanged will be redeemed by the company on Nov. 1, next; the 7% preferred at $108.50 a share, and the 6% stock at $103 a share.

The new preferred will be redeemable at the option of the company at $105 a share through July 15, 1947, with successive reductions of $1.50 a share in redemption prices on July 15, 1947 and 1949, and $1 a share on July 15, 1951 and 1953.

While the amount of net cash proceeds will depend upon the number of shares exchanged, it is estimated that the financing will provide a maximum of $821,710 and a minimum of $690,950 over and above the amounts required to redeem the unexchanged shares of the outstanding preferred stocks.

Chas. W. Snow Now With Cohu & Torrey

Cohu & Torrey, 1 Wall Street, New York City, members New York Stock Exchange, announce that Charles W. Snow has become associated with them. Mr. Snow was formerly a partner in Blanchard, Snow & Watts.

Royal Bank of Scotland
Incorporated by Royal Charter 1727
HEAD OFFICE—Edinburgh
Branches throughout Scotland
LONDON OFFICES:
3 Bishopsgate, E. C. 2
8 West Smithfield, E. C. 1
49 Charing Cross, S. W. 1
Burlington Gardens, W. 1
64 New Bond Street, W. 1
TOTAL ASSETS
£115,681,681
Associated Banks:
Williams Deacon's Bank, Ltd.
Glyn Mills & Co.

Australia and New Zealand
BANK OF
NEW SOUTH WALES
(ESTABLISHED 1817)

Paid-Up Capital	£8,780,000
Reserve Fund	6,150,000
Reserve Liability of Prop.	8,780,000
	£23,710,000
Aggregate Assets 30th Sept., 1944	£208,627,093

THOMAS BAKER HEFFER,
General Manager
Head Office: George Street, SYDNEY
LONDON OFFICES:
29 Threadneedle Street, E. C. 2
47 Berkeley Square, W. 1
Agency arrangements with Banks throughout the U. S. A.

NATIONAL BANK
of EGYPT
Head Office Cairo
Commercial Register No. 1 Cairo

FULLY PAID CAPITAL	£3,000,000
RESERVE FUND	£3,000,000

LONDON AGENCY
6 and 7 King William Street, E. C.
Branches in all the principal Towns in
EGYPT and the SUDAN

NATIONAL BANK
of INDIA, LIMITED
Bankers to the Government in Kenya Colony and Uganda
Head Office: 26, Bishopsgate, London, E. C.
Branches in India, Burma, Ceylon, Kenya Colony and Aden and Zanzibar

Subscribed Capital	£4,000,000
Paid-Up Capital	£2,000,000
Reserve Fund	£2,200,000

The Bank conducts every description of banking and exchange business
Trusteeships and Executorships also undertaken

London Comment

(Continued from first page)

tural condition.—H. M. Queen Victoria, May 19, 1898"

Translation Into British

The London street celebration of V-J Day began the night of August 10 and reached a peak of good-natured boisterousness on the first day of the 2-day official V-J holidays, when with traffic diverted masses of people filled not only Piccadilly Circus, but all the streets from the Houses of Parliament to Aldwych. Amidst the din of singing, street dancing, horn blowing and the like one could hear a group of young men and women swinging along arm in arm and singing the familiar tune of "Over There." But the words were changed quite a bit. Instead of ". . . the Yanks are coming," they sang it ". . . the **tanks** are coming." Just a difference in one letter!

American Businessmen Entertained

The American delegation to the International Chamber of Commerce council meeting were invited to Grocers' Hall in The City by Mr. Arthur R. Guiness to meet the British National Committee. Among those who attended were Mr. Winthrop W. Aldrich, Mr. Shepard Morgan and Dr. B. H. Beckhart, of the Chase National Bank; Mr. W. L. Hemingway and Mr. J. M. O. Monasterio, of the Mercantile-Commerce Bank and Trust Co. of St. Louis, and former Repr. Charles S. Dewey of Ill., Mr. Aldrich's executive assistant.

Aldrich on Financial Assistance

Mr. Aldrich, incidentally, in the course of his speech at a luncheon meeting of the American Chamber of Commerce here (printed in this issue of the "Chronicle") stated that "the reports from Washington that lend-lease is about to be terminated, make it imperative that the United States stand ready to grant England the immediate financial assistance she requires to effect the transition from a war to a peacetime economy." On the other hand, W. L. Hemingway, a past President of the American Bankers Association, who is here as a member of the American Council of the International Chamber of Commerce, stated to the "Chronicle's" representative that "what has impressed me perhaps as much as anything else here has been the feeling of relief among the British that the long, exhausting war has ended and their evident intention not to try to solve all their problems overnight."

Committee Studying Europe

Wm. M. Colmer

Congressman William M. Colmer, Democrat of Mississippi, who is here with other Congressmen as a committee to study European matters, stated to me that "we are studying and making recommendations on national policies, but we also find it necessary to study international economy because of its repercussions domestically. Therefore we are surveying European conditions." The committee is to visit France, Germany, Sweden, Russia, Rumania, Greece and other countries, having as its agenda the short and long-term economic outlook, including monetary investment, shipping, disposal of surplus U. S. property and similar problems. As the committee's report recently incorporated the views of an ex-commerce official recommending a large outpouring of dollars abroad, the Continental trip is hardly likely to alter that recommendation.

Bretton Woods Ratification

The King's Speech of August 15th made no direct mention of Bretton Woods, which the United Kingdom is expected to ratify, perhaps by October, after Parliament has debated it. Ratification by the Government without an act of Parliament is possible.

During the germination of the Bretton Woods programs by the British and American Treasuries, Americans were several times irked over the disclosure of details of the plans in London ahead of Washington. In 1943, for example, the plan for a World Bank was thus first revealed in London. On that occasion Lord Keynes, who happened to be away from London, cabled the British Treasury to this effect: "If we cannot control the reptiles of our press, how can we expect the Americans to control theirs?" There is apparently a difference in viewpoint between planners and others as to what constitutes proper freedom of the press or the duty of a reporter to his readers.

Another Bretton Woods story told in the clubs here relates to a provision of the International Fund, which the British insisted upon, but which the Americans were reluctant to include. Suddenly, the story goes, Dr. Harry White of the American Treasury said: "I've got it. **We** will propose it." Thereafter, Lord Keynes was able to say to the House of Lords that the Americans of their own free will had generously made this undertaking.

Bretton Woods

No European move is yet apparent to ratify the Bretton Woods agreements, and it seems nothing will be done toward this end until after the British ratification. The new government up to present has permitted no formal parliamentary consideration of the matter, though in some quarters British acceptance is urged with the understanding that the so-called provision for a "transitional period" be defined as extending over as much as ten years. However, it seems that by October, or a short time thereafter, British ratification of Bretton Woods is certain, since failure to do so would incur the onus of scuttling international cooperation. Furthermore, the British Dominions are strongly interested in international organization and will undoubtedly ratify the agreements, thus making British abstention all the more unlikely. But before the British ratification there will undoubtedly be a review of the status of the pound sterling to assure maintenance of its international exchange rate. As far as the British public is concerned, it is far more interested in housing and demobilization than in the United Nations Organization in the Bretton Woods Agreements.

The question of the downward valuation of the French franc also should be settled within a few months. Any valuation above 1 cent per franc would be clearly unrealistic, since the present artificial value of the franc, which dates from Casablanca, hampers the export of French products and closes French foreign markets. In any event, the devaluation must precede French ratification of Bretton Woods.

Bank of England

At this writing there is some comment heard here as to just what is meant by the part of the King's Speech relating to the Bank of England. The speech, which speaks of nationalizing the coal industry, talks only of bringing the Bank of England "under public ownership." Is this a distinction with a difference? If the Bank is nationalized, its employees will come under Civil Service, a development they regard as to their personal disadvantage. But if the government merely owns the Bank, the latter may operate without too much interference and the employees will enjoy full opportunities for promotion.

The impending change in the status of the Old Lady of Threadneedle Street is of chiefly symbolical significance, as the Bank throughout the war has been an "alter ego" of the Treasury. The sum involved in buying out the Bank's stockholders poses no great problem for the government, which will finance the transaction in the wartime red ink manner. The nationalization of coal mining is a much bigger and knottier problem, which will reguire a much longer time.

The basis of compensation to shareholders of the Bank of England, when nationalization takes place, will probably be at a price per share, determined as of some pre-election date. However, there is nothing official on this point as yet. Coal mine nationalization is likely to be on the basis of the capitalization of profits. The new government undoubtedly will have to further clarify its position with respect to the nationalization of other industries, if new capital investment is not to be severely hampered. But though Mr. Bevin's reassuring speech on foreign policy gave no clue to the Labor Party's domestic policies, the party is evidently anxious to convince the public of its moderation. The real test will come when the question of the nationalization of the steel industry arises.

The key to the Labor Government's program is in the part of the King's Speech which reveals the intention to seek, for the transition period, "such powers as are necessary." This foreshadows continued government controls over business. Also of great interest here is the intention to repeal the Trade Disputes and Trade Unions Act.

A Clue to the Government's Task

All aliens must register with the police promptly upon arrival here, and must also procure ration books and indentity cards. Anyone who has stood or sat in line two hours at the Alien Registration Office and watched the "speed" with which the clerks work gets the impression that business in the Government here is conducted as in the time of Charles Dickens. Only the high stools and quills are missing. Labor will have a time if it tries to streamline Britain's ancient bureaucracy.

Kilgore Presses Reconversion Program

Senator Harley M. Kilgore (D.-W. Va.) has expressed deep concern over the national economic prospects during the postwar reconversion period unless a sound program is immediately put into effect, according to United Press advices in the New York "Times" from Washington, Aug. 12.

The Senator offered a 15-point program, which embodies points of a previous plan prepared in conjunction with Senator Claude Pepper (D.-Fla.), but containing supplements drafted by Senator Kilgore during the Congressional recess. "We can no longer afford any delay in putting our house in order," said Senator Kilgore, "either for political and military security throughout the world or for economic security at home."

The Kilgore program, according to United Press, calls on Congress to do the following

"Clearly establish the responsibility of the Federal Government for guaranteeing the economic bill of rights to all Americans.

"Guarantee equal opportunity to all Americans, assuring that there will be no discrimination because of race, color, political or religious creeds.

"Provide emergency reconversion measures geared to full employment.

"Provide war veterans with full security, training, medical care and job opportunities.

"Continue a stable and profitable agriculture at high production levels, with wartime production and minimum price guarantees.

"Create expanded opportunities for business by adequate credit and disposal of surplus goods and by freeing business activity from restrictions of cartels and monopolies.

"Guarantee a high level of scientific research activity in the interests of all with continued and expanded Federal support.

"Promote a high wage level insuring the continued expansion of industrial and agricultural production, raise minimum wage-hour standards, and promote adoption of the annual wage.

"Expand foregin trade to provide jobs and an increasingly high standard of living at home and abroad.

"Institute a national housing program insuring a large and sustained volume of private and public construction.

"Stabilize at high levels construction of community facilities. Public works should not wait until private enterprise is able to provide full employment, but funds should be immediately appropriated.

"Establish a national health program and broaden the Social Security system.

"Create additional educational and training opportunities for all Americans with Federal aids to education to expand scientific and medical personnel.

"Promote the development and balanced use of natural resources with a view to expanding industrial, agricultural and employment opportunities.

"Adopt a fiscal policy geared to full employment, aimed at business expansion, wider purchasing power of lowest income groups, and reduction in the concentration of wealth which has been accelerated during the war."

To Select Roosevelt Quote for 8th War Loan

Supreme Court Justice Owen J. Roberts has agreed to act as contest judge in the selection of a quotation from the works of the late President Roosevelt for use in the Eighth War Loan, it has been announced by the Treasury Department.

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Municipal News & Notes

The nation is now busily engaged in the work of re-orienting its productive facilities and manpower to peacetime pursuits. The magnitude of the job is such that dislocations, if only temporary, are necessarily inevitable.

In the case of the municipal bond market, the termination of the war has occasioned a decided weakening of the price structure. A decline, of course, was to be expected, if only because of psychological reasons.

Whether the current price level, which represents a decrease of about twenty basis points below the comparable yields that obtained prior to the surrender of Japan, constitutes a base remains to be seen.

Up to the present writing, there has been no apparent trends on which to base any specific conclusions. Trading is practically non-existent and investors have withdrawn to the sidelines pending a more thorough appraisal of the situation occasioned by the return of peace.

The extent of the present statement is anybody's guess and, as a matter of fact, will be largely determined by developments beyond the control of either dealers or investors.

A primary factor, obviously, will be the speed with which industry is able to reconvert to peacetime production and thereby absorb the millions of displaced war-workers. The importance of this aspect of the change-over on municipal credit values bulks high among the various other factors bearing on the future course of prices.

Among the latter, naturally, are such questions dealing with the future level of taxes and the probable increase in the supply of municipal bonds now that restrictions on materials and manpower are being removed. In the case of taxes, there would appear to be no reason to doubt that a reduction from present levels is in the offing. However, it is not likely that anyone can prophecy correctly just when and to what extent they will be reduced.

Accordingly, until some specific evidence on that score is at hand, it is patently impossible to essay any analysis of the ultimate tax-price relationship of municipal bonds.

No less difficult to assess is the potential addition to the supply of local government securities. While it is agreed that the potential is impressive, it is by no means certain that new issues will materialize in significant volume for quite a spell.

Looking at the picture from all angles, the opinion is that the municipal bond market will be a somewhat erratic affair over the next few months at least.

None of the foregoing, of course, is intended, or is to be construed, as in the nature of an attempt to chart the future course of the market. We are more than glad to leave such a chore to those endowed with prophetic vision. It is merely our purpose, within the space available, to dwell on some of the obviously unanswered questions bearing on the point at issue. Unlike the stock market, the municipal field was already in a period of depression prior to the termination of the war. It is quite probable, too, that much of the uneasiness was the result of a disposition to discount the actual event.

This to the contrary, the fact is that the market was, and remains, in an extremely vulnerable position. Therein lies a potent threat to the price structure in any prolongation of the existing impasse.

Recent Awards

By way of illustrating the market of today as compared with that of several months ago, reference may be made to the terms achieved by the State of West Virginia on Tuesday's award of $1,000,000 road bonds. In disposing of the issue, due serially from 1946 to 1970, inclusive, the State obtained a net interest cost of 1.2607%. This compares with a net cost of 0.9041% at which the State sold $2,000,000 bonds of similar maturity in April.

It should be noted, however, that the market had already moved sharply lower in the interim between time of the earlier award and V-J Day. For this reason, it would be contrary to facts to conclude that the marked difference in terms of Tuesday's award and the preceding operation, represents the actual extent of the decline in the market since the event of peace.

Mention also may be made of the substantially higher cost basis which attended the sale on Tuesday of $865,000 Montgomery County, Md., refunding bonds. The successful bid in this instance figured a net interest cost to the county of 1.6093% for bonds maturing from 1948 to 1973, inclusive.

At its previous appearance in the long-term market on Jan. 9 last, the county placed an issue of $475,000 bonds on a 1.3289% basis.

This latter issue, it may be pointed out, was of shorter duration, running from 1949 to 1967, inclusive. In the earlier instance the successful bidders reoffered the bonds to yield from 0.75% to 1.35%, while the scale for the current offering is from 0.70% to 1.65%.

Cities Warned on Special Assessment Improvements

In view of past unfavorable experiences in that regard, it seems rather superfluous to warn local government units, not to mention investors, of the dangers inherent in the haphazard installation of improvements in undeveloped tracts of land, the cost of which is proposed to be liquidated by special assessments. However, such a warning is sounded in a current bulletin of the Public Administration Clearing House, Chicago, which reviews the results of a study just completed by the committee on special assessments of the Municipal Finance Officers Association.

As a matter of sound business practice, the report said, municipal officials should apply one important question in connection with property scheduled for improvement by special assessment: "Can the district in which the improvement is to be made actually pay for the cost of the installations?"

The report said the subject of special assessments is of growing concern to local officials faced with a post-war era of new public improvements, repairs to existing facilities and the platting and developing of new subdivisions, and advanced three factors it said were of prime importance in connection with ability of a property to repay a municipality through special assessments for funds spent on improvements.

1. The "tax picture." A detailed, thorough and complete survey should be made to see if the properties to be assessed for new improvements have been able to pay the general and special taxes already levied.

2. The ratio of the proposed assessment as related to the assessed valuation of the property is another matter to be studied carefully. Is the new improvement too costly compared to the value of the property.

3. Finally, if the tax situation is favorable and the improvement is warranted, an advance deposit should be required sufficient to cover a substantial part of the total cost of improvement. This requirement should be regarded as a necessary safeguard not only to the municipality but to the taxpayer at large.

The report warned local officials to "avoid the pitfalls and extravagance" that followed the "boom years" of post-world war I because of inadequate planning and lack of proper control of the use of special assessments to finance local improvements.

As one example of results of this situation, the association said, sewer and water mains were charged against hundreds of thousands of properties on which houses were never built. Such inadequate control and lack of planning, the report said, led directly to higher tax delinquency necessitating refinancing and refunding of special assessment bonds.

Much of the difficulty arising in connection with collection of special assessments during those "boom years" stemmed from the fact that local improvements were made in subdivision developments without proper regard for location and planning, the report said, adding that regulations for subdivision development, including strict zoning legislation, should be enacted to insure protection for suburban areas.

The State of Florida

according to reliable statistics, is destined to have, with the termination of the war, the fastest growth of any state in the country.

This tends to strengthen our previous convictions that the purchase of bonds of certain municipalities in the State would be advantageous to the investor.

There are still available several attractive situations, selling at a substantial discount, offering a reasonably attractive current tax exempt income and, at the same time, offering the investor an excellent opportunity for capital appreciation.

Inquiries are cordially invited.

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Investment Company Portfolio Statistics

(Continued from page 829)

Selectivity of buying, however, was indicated by the fact that United Gas Improvement common stock and American & Foreign Power preferred stocks and bonds were sold on balance in the same period.

During the quarter, seven funds purchased stock of C. I. T. Financial Corp., while one sale was reported. The remaining purchases were widely scattered among many industries including building, foods and amusements. A high degree of unanimity of action was apparent: half of the securities included in the list of those predominantly purchased showed no sale recorded.

Second Quarter Sales

Sales were scattered among a number of industries. Eight funds sold Deere & Co. and two purchases were recorded. The greatest unanimity of action was shown in the case of Pepsi-Cola, which was sold by seven funds and purchased by none. These two stocks also headed the list of stocks predominantly sold during the first quarter this year.

Oil producing and refining company shares were sold on balance, although in nearly every case at least one purchase was also recorded. Stocks in which sales predominated were Socony-Vacuum, Standard Oil of New Jersey, Pure Oil, Phillips Petroleum and Standard Oil of Indiana.

Securities Most Widely Held

The list of stocks held by the greatest number of investment companies has not changed materially in the past nine months. As of June 30 the 10 stocks most widely held were the following:

No. of Funds Holding Stock	Name of Stock	No. of Shares Held
22	North American Company	1,300,300
22	Standard Oil (N. J.)	205,700
20	Montgomery Ward	288,200
19	General Motors	189,200
18	Chrysler Corporation	136,200
18	E. I. duPont de Nemours	63,700
18	Kennecott Copper	175,100
17	Socony-Vacuum Oil	481,300
17	International Nickel	203,700
16	Sears Roebuck	124,600

Since the 30 funds included in this study all follow a policy of investing chiefly in common stocks and other equity-type securities, the most widely held bonds on June 30 were, as might be expected, mainly those of reorganization railroads. Twelve funds held Missouri Pacific System bonds with a total face amount of $10,756,000. Also included in the 10 most widely held were bonds of Chicago, Milwaukee, St. Paul & Pacific System, Baltimore & Ohio, St. Louis-San Francisco, New York, New Haven & Hartford, Chicago-Rock Island and Chicago & North Western. Public utilities were represented by Associated Gas & Electric System, American & Foreign Power and Cities Service.

In releasing results of the study, the Association emphasized that the statistics do not necessarily reflect **current** management opinion in regard to the securities mentioned, nor is it possible to reflect in such composite statistics the complete policies of the portfolios analyzed. The major part of investment company holdings and transactions are in a wide list of securities which individually are neither held by a sufficient number of companies nor bought or sold during a short period by enough companies to appear in such composite tabulations. The 50 stocks most widely held on June 30, 1945, accounted for only 30.6% of the total assets of the 30 funds on which the study is based.

7/8% Treasury Ctfs. Offered in Exchange

Secretary of the Treasury Vinson announced on Aug. 20 the offering through the Federal Reserve Banks, of one-year Treasury certificates of indebtedness, series G-1946, in exchange for 7/8% Treasury certificates of indebtedness of series F-1945, maturing Sept. 1, 1945, and 2¾% Treasury bonds of 1945-47, called for redemption on Sept. 15, 1945. Exchanges will be made par for par in the case of the maturing certificates, and at par with an adjustment of interest as of Sept. 15, 1945, in the case of the called bonds. Cash subscriptions will not be received. There are now outstanding $3,693,537,000 of the maturing certificates and $1,214,428,950 of the called bonds.

The Treasury announcement also said:

The certificates now offered will be dated Sept. 1, 1945, and will bear interest from that date at the rate of 7/8% per annum, payable semi-annually on March 1 and Sept. 1, 1946. They will mature Sept. 1, 1946. They will be issued in bearer form only, in denominations of $1,000, $5,000, $10,000, $100,000 and $1,000,000.

Although the called bonds are outstanding in denominations of $50 to $100,000, inclusive, exchanges may be made only in amounts of multiples of $1,000, since this is the lowest denomination in which the new certificates will be available.

Pursuant to the provisions of the Public Debt Act of 1941, interest upon the certificates now offered shall not have any exemption, as such, under Federal Tax Acts now or hereafter enacted. The full provisions relating to taxability are set forth in the official circular released today.

Subscriptions will be received at the Federal Reserve banks and branches, and at the Treasury Department, Washington, and should be accompanied by a like face amount of the securities to be exchanged and, where called bonds in coupon form are presented, by payment of accrued interest at the rate of $0.3384 per $1,000. Subject to the usual reservations, all subscriptions will be allotted in full.

The subscription books will close at the close of business Wednesday, Aug. 22, except for the receipt of subscriptions from holders of $100,000 or less of the maturing certificates or the called bonds. The subscription books will close for the receipt of subscriptions of the latter class at the close of business Saturday, Aug. 25.

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Farmers Beware!

(Continued from page 829)

War I prices was reached. In May, 1920, prices received by farmers averaged 235% of 1910-14. Just a year later the price index was down to 115. In May, 1945, the price index was 200. This means that farm prices more than doubled in each World War period. The total farm cash income was nearly five times as large in 1944 as in 1932,—in fact, in 1944 it was nearly double the prosperous year of 1929. Recently there has been a leveling off. Farmers' cash income for the first six months of 1945 was only 40 million dollars above the same period last year, including government payments.

FARM CASH INCOME
(Millions of Dollars)

	Crops	Live-stock	Govt. Payts.	Total
1929	5,125	6,171	0	11,296
1932	1,997	2,746	0	4,743
1939	3,366	4,511	807	8,684
1942	6,387	8,987	697	16,071
1943	7,903	11,349	672	19,924
1944	8,696	11,532	817	21,045
1945 (Est.)	9,145	11,118	779	21,042

Post-war Outlook

When I tell farmers that a big slump in farm prices will come during the next few years, they reply by reciting their increases in costs,—higher wages, higher taxes and higher everything from implements to fertilizer. In the long run, the cost of a product determines the selling price, but there is always a slump before prices are adjusted to costs. For a few years following World War II, only little attention will be given to farmers' costs, notwithstanding the following wage table.

FARM WAGE RATES

	Annual	Average	June 1	June 1
	1910-14	1935-39	1942	1945
Per month, with board	$22.09	$26.01	$42.93	$81.28
Per month, with't board	29.18	34.17	52.79	93.10
Per day, with board	1.16	1.23	1.89	3.65
Per day, with't board	1.42	1.50	2.11	4.16

All the above means that the wise farmer will today **not** over-expand or buy more land. He will first get out of debt; secondly, he will buy agricultural implements and make repairs to reduce his post-war costs; and thirdly, he will save money, through buying government bonds and accumulating a good bank account for the troublesome years which are ahead.

Special Note: The above message to farmers is all the more important now that Japan has surrendered. Do not be so jubilant about getting your boys home that they will find a farm burdened with debt or a father who has failed to recognize and prepare for the slump in certain agricultural prices which is bound to follow.

The entrance of Russia into the War and the surrender of Japan do not change my opinion on the investment outlook. I am still bullish on most common stocks, with the exception of shipping, airplane and munitions. I am still bearish on the railroads and believe they will suffer with the one crop farmers.

Chemists Foresee Doom of Monetary Gold

Note Possibility of Transmutation From Base Metals Through Atomic Force.

According to a United Press dispatch from Santiago, Chile, to the New York "Times," dated Aug. 20, Thomas C. Peddar, a British mining engineer, Paul Miller, an American nitrate expert, and a prominent Chilean chemist, whose name is not mentioned, commented on the possibilities of further atomic research in transmuting gold from baser metals.

"Gold can be made from mercury now, at a prohibitive price, but by splitting the atom the process becomes much easier and perhaps economic," Thomas C. Peddar comments.

"It can also be made from lead by rearranging the electronic structure, now feasible by the new discovery," another mining man added. "Thus the ancient alchemists' dream comes true."

"Everything depends on control of the atomic energy used in the process. If the rate at which the energy is released is excessive, the gold product thus obtained would be destroyed either by heat or explosion," is a statement reputed to be made by Paul Miller, the veteran American nitrate expert.

"Gold may become the cheapest thing in the world. It is the end of gold as a currency medium," the Chilean chemist is reported to have commented.

Railroad Securities

Chicago, Rock Island & Pacific Status of Reorganization Plan

After what appeared interminable delays, Judge Igoe (U. S. District Court, Northern District of Illinois) finally, on May 14, approved with but minor changes, the modified Commission Plan dated Jan. 3, 1944. Among these minor changes were (1) Choctaw & Memphis 5s, 1949 were to be undisturbed (under the original plan they were to have been extended to Jan. 1, 1969); and (2) payment of the RFC loan with corresponding non-issuance of securities originally allocated was approved. Some $34 million of cash to be distributed to creditors according to the plan will doubtless be paid later in the year or early in 1946.

On May 16th Rock Island paid off its RFC obligation, which, including accrued interest, totaled $18,777,000. The Court ruled that under Section XVII of the plan, "in the event any payment shall be made in respect of a claim prior to consummation of the plan, securities otherwise distributable in respect to such claim, shall be withheld and become treasury securities." Accordingly, some $28 million par value of securities, almost 10% of the new company's capitalization, will either be held in the company's treasury or ultimately retired, unless Judge Igoe is overruled by a superior court. Securities and cash which the RFC is not scheduled to receive, are as follows:

Cash	$ 3,732,172
10 Yr. Notes, due 1954 2½% fixed, 1½% contingent	2,500,000
1st 4s, 1994	4,070,874
Income 4½s, 2019	5,992,850
5% Preferred	4,461,710
Common Stock	11,143,768

From present indications, ballots should be sent to creditors some time early in the fall and results of the balloting should be known by the year end, or January 1946 at the latest. Since the present plan is the result of a compromise between senior bondholders, no senior bondholder appeal is likely. However, the junior 4½s, 1960 are likely to appeal since they are to receive only 4.96 shares of common per $1,000 bond or approximately only one-third of their total claim. Likewise the equities will appeal, spurred on by the hope of passage of the Hobbs Bill which, parenthetically, would benefit the 4½s, 1960 far more than themselves.

Under the present modified plan, fixed debt, giving effect to payment of RFC claim, will have been reduced from $310.33 million to $45.9 million and including contingent debt, to $119.9 million. Fixed charges, also giving effect to payment of RFC claim, will have been reduced from $13.36 million to $1.78 million and including contingent interest but excluding Capital Fund and sinking funds, to $5.11 million. This plan as proposed represents one of the most drastic Section 77 reorganizations on record.

During the reorganization period Rock Island has virtually reconstructed its property, buying substantial totals of new equipment. It has straightened curves and reduced grades on numerous parts of its main line. One project nearing completion is the rebuilding of three segments of 18 miles each between Kansas City and Chicago, at the completion of which a 100 car freight train, or 5,000 tons, can be hauled from Tucumcari, N. M. (interchange point with Southern Pacific), to Chicago without the need of any helper engines. Already between 1937 and 1944 Rock Island has spent $82.2 million in gross capital expenditures or $9,127 per equated track mile, and $263.4 million in maintenance expenditures, equivalent to $29,249 per equated track mile.

Rock Island, being strategically located to handle west coast traffic, has greatly benefited from the war, gross revenues rising from an average of $80 million in the 30s to $190.4 million in 1944, with still higher revenues in prospect for 1945. Net available for charges rose from an average of some $4 million (several years of deficits and moderate earnings of $1 or $2 million) to $35.9 million in 1942 (peak year), $37.6 million in 1943 and $26.9 million in 1944. For the first five months of 1945, net operating income amounted to $11.63 million as compared with $11.89 million for the corresponding period a year ago, and despite the end of the Japanese conflict, final results for 1945 should approximate those of 1944.

Finances of the Rock Island are strong, net working capital as of March 31, 1945 totaling $88.13 million. Rock Island's net investment in emergency facilities, amortizable on a five year basis, amounted to $10.1 million at the end of 1944. This will doubtless be translated into working capital to the probable extent of 60% through the medium of tax credits.

Taxes of the Rock Island have mounted rapidly, Federal Income and Excess Profits Taxes reaching $21.1 million in 1943, $33.5 million in 1944 and for the first four months of 1945, $11.2 million. These taxes provide the Rock Island with an excellent cushion against the inevitable decline in both gross and net earnings in the reconversion period.

Post-war we envisage earnings available for charges of some $16

(Continued on page 849)

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Kidder Peabody Offers Newberry Preferred

Public offering of 100,000 shares of 3¾% cumulative preferred stock (par $100) of J. J. Newberry Co., chain store company, was made Aug. 21 by an investment banking group headed by Kidder, Peabody & Co. The offering price was $101.50 per share.

In connection with the offering, Kidder, Peabody & Co. and associates in the underwriting are extending to holders of the outstanding 50,986 shares of series A 5% preferred stock the privilege of exchanging their shares for the new preferred stock on a share-for-share basis plus a cash adjustment of $1.55 per share, which includes call premium and dividend adjustments. This offer will terminate on Aug. 25, 1945.

Proceeds from the financing will be used to redeem the outstanding series A 5% preferred stock, including shares received by the underwriters in acceptance of the exchange offer, and to advance to the J. J. Newberry Realty Co., a wholly-owned subsidiary, a sum to redeem all its outstanding preferred stocks. A total of $6,493,938 will be required for these redemptions. The remainder will be added to the general funds of the company.

The company expects to spend $5,500,000 in 1945 to 1948, inclusive, according to the prospectus, to open additional stores and alter present stores.

The new preferred stock will be subject to redemption at $105 a share on or before Aug. 1, 1947, and at prices decreasing 50 cents a share each year to $101.50 a share if redeemed after Aug. 1, 1953.

Since 1930 the company's annual net sales have shown a virtually uninterrupted increase from $30,187,392 to $95,861,688 for 1944. Net profit last year was $3,067,905.

Dominion of Canada
All Issues

Bought — Sold — Quoted

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Incorporated
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Bell System Teletype NY 1-920

Canadian Securities

By BRUCE WILLIAMS

What the British North America Act failed to accomplish will doubtlessly be achieved as a result of Dominion/Provincial collaboration. Although it was originally intended to provide the Dominion with a strong central government, decisions in the Canadian courts and the British Privy Council have progressively strengthened provincial autonomy at the expense of the powers of the Dominion government.

Now, following the discussions recently terminated, there is every reason to believe that the Final Plenary sessions of the Dominion/Provincial Conference to be held next December will witness the end of Canada's antiquated and confusing system of government. In its place the Federal government's constructive proposals should provide Canada with a strong central government acting in close collaboration with the nine provincial governments.

Considerable credit for the success of the preliminary meeting has been given to the Premier of Ontario, Colonel Drew, who is certainly deserving of congratulation on his final decision to work wholeheartedly in the cause of harmony and national unity. It had been feared, judging by earlier comments emanating from Ontario and Quebec that the "Big Two" would combine to oppose the slightest infringement of provincial rights.

It is impossible, however, to forget the steadfast efforts of Premier Stuart Garson of Manitoba who throughout the past years has eloquently advocated the implementation of the recommendations of the Rowell-Sirois Royal Commission, or an alternative scheme which would lead to a modernization of the Canadian form of government.

The Manitoba Liberal Prime Minister has not only an unrivalled provincial record, but he also displays the vision and driving force of a national leader. Having risen above provincial politics to fight the general cause of western Canada, he is now foremost in this national effort to secure for Canada unity and better government.

Turning to the market for the past week, the recent dullness was not surprisingly, even more accentuated. In general there was little price change; high grades especially Nationals held steady and there was some demand for provincial issues. Albertas suffered a slight setback following expectation of delay in the execution of the debt refunding plan. Internals also reacted and free funds weakened to 9⅝% discount. Although high grade internal bonds are of attractive investment quality nevertheless it must be repeated that there should now be better opportunities for the purchase of cheap exchange.

Whereas before Finance Minister Ilsley's clear statement there was a possibility of the Canadian dollar remaining at the official selling level or below, that rate now should be the highest possible point, and with expectations of imminent parity removed, the exchange swings should be wider. Furthermore tourist demands are diminishing and the parity bull position has not been greatly reduced.

With regard to future prospects, there should soon be an announcement concerning a possible public refunding of the $4,500,000 New Brunswick 4's of November 15, 1947-45. In general, the market appears to have levelled out after its recent sympathetic decline, and as soon as investment confidence is restored high grade Canadians should be actively in demand.

It must be remembered that the Canadian market did not participate in the exaggerated upward movement that took place in the U. S. Government bond market, and therefore should not be unduly affected by the present healthy reaction of that market. Moreover as soon as this overdue adjustment is completed all investment markets should benefit accordingly.

R. Sims Reeves With Blair Trading Dept.

Blair & Co., Inc., 44 Wall Street, New York City, announce that R. Sims Reeves has become associated with them in their trading department.

Wielar & Conlon Rejoin Warner Trading Dept.

Jack B. Wielar and John A. Conlon, who have returned from service overseas in the U. S. Army, have rejoined the New York Trading Department of J. Arthur Warner & Co., 120 Broadway, New York City.

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CANADIAN SECURITIES
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OUR REPORTER'S REPORT

The investment market was looked upon as prepared to give a satisfactory account of itself in the first test it has been called upon to undergo since news of the Japanese surrender broke little more than a week ago.

Although the high-grade investment market eased just a trifle in the wake of the surrender news, it proved highly encouraging to all concerned when yesterdays' offering of $22,000,000 of first mortgage bonds and 90,000 shares of cumulative preferred stock of the Monongahela Power Co., found four banking syndicates competing for the business.

This was interpreted in underwriting and distributing circles as indicating clearly that the equilibrium of the basis market had not been appreciably disturbed. Moreover, from reports in dealer circles, it was indicated that the issue would meet good investor demand when cleared for public offering by the Securities and Exchange Commission.

The rank and file, of course, realize all too well that "one swallow does not make a summer", and that the current operation cannot be regarded as a full-fledged test of the market. But the consensus is that the high-grade market will continue to take its cue from the underlying money market, and currently there is nothing in that direction to indicate any early change in conditions that have prevailed.

Great Northern Bigger Test

Bond men were inclined to look ahead to the projected refinancing of the Great Northern Railway as likely to give the market its first drastic test. This financing involves proposed issuance by the road of $75,000,000 in new mortgage bonds to be designated Series N and O, in equal amounts.

Although the road had not, up to last night, issued the customary call for bids, there was a feeling in investment quarters that the invitations would be sent out in time to make it possible to open tenders toward the end of next week.

Bidders would be required to name the interest rate as well as the price for the new bonds, sale of which would provide the bulk of funds needed to retire $86,956,000 of outstanding 3¾s and 4½s.

Utilities Piling Up

The backlog of public utility company issues in registration with the Securities and Exchange Commission received a decided boost on Tuesday when the Pennsylvania Power & Light Co. registered to sell a total of $120,000,000 in new bonds and debentures.

The company proposes to sell $93,000,000 of new first mortgage bonds of 30-year maturity, plus $27,000,000 of sinking fund debentures due in ten years, both to be sold in competitive bidding.

Funds raised, plus $5,720,000 from the sale of that amount of unsecured serial notes, would be used to redeem $93,820,000 of 3½% bonds, due 1969; also $28,500,000 of 4½% debentures, due 1975 and $3,400,000 of 2⅝% serial notes.

Eastern Gas & Fuel 3½s

The trade found plenty of reason for satisfaction in news of the closing of the books on the $40,000,000 of 3½% bonds of Eastern Gas & Fuel Associates which reached market early this month.

When the two bids received for the issue were opened, it was found that a spread of almost 4 points separated them. The successful group, headed by Mellon Securities Corp., fixed a reoffering price of 102.17 and within a fortnight succeeded in placing the entire amount, without concession, with institutions and individuals.

Jersey Central Pr. & Lt.

Jersey Central Power & Light Co., was added to the list of potential new issuers this week when it was reported the company might undertake to refund its outstanding $38,000,000 of first mortgage 3½s, due in 1965 and callable at 105, along with $1,500,000 of 2¼% promissory notes.

The company is controlled by NY PA NJ Utilities Co., which, in turn, is a subsidiary of Associated Gas & Electric. Should market conditions warrant it, there is the possibility that the company might seek to replace its outstanding high-rate preferred stocks with lower dividend issues.

Two banking groups are said to be doing some figuring with a view to seeking any new securities which the company might decide to market.

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Livingstone & Co. New Investment Firm

W. H. Livingstone

SAN FRANCISCO, CALIF.—Willard H. Livingstone, former President Bankamerica Company, is reentering the investment security business through the formation of his own firm, Livingstone & Co. The new organization with offices in the Russ Building, San Francisco, and 639 South Spring Street, Los Angeles, will do a general underwriting, distributing and dealer business. Private wires connect Western Offices with New York.

Formation of Livingstone & Co. was previously reported in the Chronicle of Aug. 16.

Current Economic Fallacies

(Continued from first page)

With the development of money and credit, far-flung markets, organized business enterprises, and other features of present-day living has come persistent misunderstanding with respect to the nature and operation of our economic institutions. *The worst of it is that we think we know when we don't.* As a rule, the layman is a bit timid when it comes to expressing himself about the laws of physics, or chemical formulas, but he usually has no hesitancy in stating opinions and making recommendations regarding tax policy, holding companies, collective bargaining, social security reserves, and so on.

Economic Scarcity Fallacy

One of the oldest fallacies, and one saturating our thinking at the present time in one form or another, is the view that destruction of existing economic goods, or limitation of the production of new goods, is a route to prosperity. It is true, of course, as Professor F. M. Taylor pointed out years ago in one of his problems, that an earthquake or freeze which breaks a lot of water pipes may result, temporarily, in an increase in business for local plumbers. But it does not follow that such a casualty is a good thing even for the plumbers in the long run, and it should be obvious that it is not a good thing for the community as a whole. Similarly, the plowing under of crops, the killing of young livestock, or the destruction of any other useful product cannot possibly increase the average standard of living, although it may bolster, for a time at least, the monopolistic advantage of a special group.

Deliberate destruction of existing economic goods without permitting them to serve their purpose is not a sustained practice of individuals, and at the moment, with the pressure of war needs, it is not being emphasized in Government policy. But there remains today widespread sentiment in favor of restricting and limiting production in various ways. The leading proponents of this method of pulling ourselves up by our bootstraps seem to be found in labor and Government circles, but advocates of restriction of certain types are also common among business owners and managers. One phase of this sentiment is the cry for a general reduction in working time; some say we should cut down to 30 or even 25 hours per week. This suggestion is related to the old, mistaken notion that the supply of work is a limited, fixed amount, and that we must be careful to parcel it out so everyone will have his share. This is certainly not the road to improved economic welfare, and is a peculiarly unsound proposal at the present time. An arbitrary reduction of working time to, say, 30 hours per week would certainly lead to a serious decline in output. *Please don't misunderstand me.* Among the benefits flowing from the technical developments of the last 150 years, and the consequent increase in our efficiency, are improvement of working conditions and decrease in working hours. But let's not put the cart before the horse; these are primarily the results, not the causes, of increased productivity and prosperity.

Restriction of Output Fallacy

Working time, of course, is only one of the variables; another important factor is efficiency. But it is difficult to find solid support for the proposition that one can work more effectively, and accomplish more, in 30 hours per week than in 48 hours.

Reference to the factor of efficiency leads me to mention a second mistaken view, namely the idea that efficiency should be curbed rather than encouraged. Manifestations of this view are found on every hand, ranging all the way from failure to improve skill and speed, to actual slowdown and soldiering in terms of existing standards of performance. Such practices obviously reduce output, and it should be equally obvious that if widely adopted they are bound to reduce the average consumption or standard of living.

I haven't time even to list the many ways in which production is actually interfered with or restricted, at the present time, or the many other ways by which it is proposed to reduce and hamper our economic activity still further. But let's get one thing clear: it cannot reasonably be urged that restriction of output will promote economic welfare in the sense of average standard of living; quite the contrary is true. The basic fact in our economic life is the size of the stream of goods and services flowing to the consumer. The direction of production and the manner in which the stream is distributed are of course important factors, but popular attention tends to be unduly occupied with the question of dividing up, without adequate emphasis on the need of increasing the output available for division. The final goal is consumption, but the only road to consumption is production.

With the experience of the last 150 years giving the world its first real glimpse of what can be done in the way of economic production and increasing the standard of living of the average citizen, when we give human energy and resourcefulness a chance, it is amazing to find so many people in our midst who are afraid of production and are continually trying to hamstring efforts to turn out more goods and services at reduced cost.

Economic Security Fallacy

Another popular line of thinking which has questionable aspects, to say the least, is expressed in the clamor for economic security, in various forms, and an almost mystic faith in the power of government to bring this about. One of the crude manifestations of this thinking is found in the various programs to make everyone prosperous by the simple expedient of paying each so many dollars per week out of the public treasury. Belief in the merit of such proposals seems to rest on willingness to ignore the fact that government has no magic power to create economic goods. Government in the concrete is simply a group of persons—average human beings like the rest of us--trying to carry out certain delegated functions. Funds disbursed by government, like funds expended by the individual, do not grow on the bushes; they are secured by taxation and borrowing, and hence come out of the total stream of purchasing power originally in the hands of the citizens. A part of the total output may be diverted to the use of a particular pensioner group through government action, but this is possible only where output is maintained through the efforts of another group of citizens. We certainly can't all retire at once and live off Government checks; there must be some one left to raise the potatoes.

General insurance, pension and social security programs at the best are subject to serious limitations and are no royal road to economic well-being. The beneficiaries of any such program must be supplied out of the current stream of production, or out of a store of goods previously accumulated; a drawer full of Government promises to pay, no matter how beautifully engraved or how high the total of the denominations printed thereon, isn't worth anything when it comes to the critical matter of providing us with food to eat and clothes to wear. The stock of corn accumulated by Joseph in Biblical times is the only kind of "reserve" that will permit consumption in excess of current production.

The popular view that each of us has a right to a job is appealing, and has some merit. But even here the stress had better be laid on activity, production, rather than on jobs as such. What we want is productive jobs. In the days when the rulers of Egypt were building the pyramids apparently everyone who was capable of lending a hand was given a job, whether he wanted it or not, but the product of all this effort was some fancy tombs for the Pharaohs rather than consumable goods for the masses. What we want and what we have a right to ask for is not a guaranteed job, at any old task, but the opportunity to *get out and hustle in an environment in which it is possible to hustle and get ahead by hustling.* Each of us wants the right to work harder and more effectively than the average, and even to work overtime if we feel like it.

War-Time Illusions

Times of special strain, like the depression of the thirties and the present war period, are conducive to wishful and unsound thinking concerning our economic affairs. No one likes to tighten his belt, reduce his standard of living, or increase his working effort, especially when his political leaders keep telling him over the radio that even in war-time we must maintain our social gains and our established standards. Encouragement of illusions in war-time is sometimes defended on the ground that this is necessary to maintain morale and support of the war effort, but certainly clear understanding and intelligent determination furnish a better long-run foundation for morale than the misconceptions fostered by propaganda. The plain fact is that total war consumes economic resources and production in astronomical amounts (to say nothing of its more terrible aspects) and is bound to require curtailment of total and average civilian consumption of goods and services. We should have been told this over and over again and not have been encouraged to believe that we could have our cake and eat it too.

Along this line there is a dangerous misapprehension in many minds with respect to war loans. There is a lot of talk about the enormous savings we are accumulating during this war in the form of Government bonds, and many seem to feel that after the war we shall be able to consume these savings and thus live for a time on the wealth we have amassed. This notion is essentially fallacious. From the national point of view we have not been saving or accumulating economic resources; instead we have been consuming our current production and wearing out a lot of the durable goods we had on hand at the beginning of the war. A pile of engraved paper slips totaling 250 billions in stated amount is not a part of the national economic resources, although 25 million homes which cost $10,000 each would be real wealth.

The War Debt

If ruinous inflation or some other form of repudiation is to be avoided in the post-war years it is highly desirable that we stop kidding ourselves about the nature and significance of the war debt. In financing the war the Government has used two main means of drawing current purchasing power from individual citizens to the U. S. Treasury, namely, taxation and borrowing. Both have substantially the same immediate effect: they shift buying power from the citizen to the State. In the case of tax collections the transaction is closed. In the case of borrowing the lender is given the right to participate in future revenues raised by the Government. But where are these future Government receipts coming from? As in the past, they will come from the citizens, primarily in the form of taxes and new borrowings. Moreover, to the extent of interest paid or any net reduction in the debt the taxes levied must be larger than they would otherwise be by the amount of such interest or debt reduction. *This simply means that the average citizen must pay additional taxes to meet interest payments and debt retirement payments—if any—to the average citizen.* Of course, the extra taxes actually paid by each citizen will not always just balance the interest or principal he collects as a bondholder. Variations in bondholdings, earning power, and other factors will prevent precise, individual balancing, but the general effect will be as I have indicated.

It's always dangerous to make predictions, but one seems safe: there can be no substantial reduction in our colossal Government debt for many years. All we can reasonably hope for is that the debt will not go on increasing beyond 300 to 350 billions. It follows that we must stop thinking of our holdings of Government bonds as purchasing power, which may be expended for goods and services as soon as war restrictions are removed. To prosecute the war it is necessary that the Government have all the dollars we can possibly spare, and hence it is our plain duty as citizens to buy war bonds to the greatest possible extent. And if we are to avoid a disastrous financial situation after the war it is going to be necessary for us to hold our bonds to maturity *and then buy new Government bonds with the proceeds.* That point should be hammered home in official Government statements. The slogan should be: *"Buy bonds to the limit and plan to hold them indefinitely."*

Reamy E. Field Dead

Reamy E. Field, President of Field, Richards & Co., Cincinnati, Ohio, died at his home after an illness of several months.

Mr. Field began his career in the investment business in 1898 when he and his brother-in-law, George B. Longstreth, organized the firm of Field, Longstreth & Co. Later a nephew, A. H. Richards, became a partner in the firm and after the retirement of Mr. Longstreth in 1914, the name was changed to Field, Richards & Co. Mr. Field left the business temporarily during World War I to serve as a Major in the Army, being in charge of procurement in the Fifth Service District.

Throughout his long investment career Mr. Field was instrumental in the financing of many large business projects, including Crosley Corporation.

This announcement appears as a matter of record only and is under no circumstances to be construed as an offering of these securities for sale, or as an offer to buy, or as a solicitation of an offer to buy any of such securities. The offering is made only by the Prospectus.

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Kidder, Peabody & Co.

August 21, 1945.

Mutual Funds

The New Industrial Revolution

When the first World War broke out in July, 1914, points out **Keystone Corp.** in the current issue of Keynotes, there were 12 stocks—the recognized market leaders of the time—comprising the Dow-Jones Industrial Average. By the end of the war, five out of these 12 stocks had been dropped from the Average and 13 had been added to reflect war-born changes in industrial leadership.

Keynotes forecasts — "Another industrial revolution is occurring in this war. No one can doubt that the experience gained in war production will have a profound effect upon peacetime industry: New materials have come into use; new products have been developed; prices and costs have changed; many companies are planning to enter new fields.

"All these factors will affect various industries differently and will influence the relative positions of companies within each industry. Some will gain, others will be handicapped.

"Not all of these changes are yet apparent. But obviously they will be reflected in investment values. It is therefore evident that successful investment results in the period ahead will require careful selection of securities, adequate diversification and constant supervision."

Peace Stocks

"Now all stocks are peace stocks," writes **Distributors Group** in a covering letter on their revised **Steel Shares** folder.

"A peace-time appraisal of leading steel stocks based on probable earnings in 1945, 1946 or 1947 reveals drastic undervaluation at present prices."

What Is An Investment Company?

North American Securities Company, general distributors of **Commonwealth Investment Company** has issued a booklet bearing the title "What Is An Investment Company?

"For prospective owners of investment company shares," states North American Securities, "this is a primary question—one that must be answered both simply and clearly."

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The booklet is attractive and the story well presented.

Reconversion Needs

A brief digest just published on the report to the President by John W. Snyder, Reconversion Director is contained in **National Securities & Research Corp.**'s latest issue of Investment Timing. The following related topics are summarized:

Military Contracts
Demobilization
Unemployment and Manpower
Production, Distribution Control
Price and Wage Control
Legislative Program

Investment Timing points out that there are a number of favorable business implications and that much progress has already been made toward reconversion.

The bulletin concludes: "Peace is essentially and basically bullish. Although temporary confusions may arise, the benefits far outweigh them. The securities markets should eventually reflect this fact, though a further period of irregularity and possibly of relatively wide fluctuations may first occur.

"We would not be surprised to see American 'Know-how' effect a greater miracle of reconversion than the miracle of war production—from a time stand point."

The Meaning of Peace

In a current Investment Bulletin on **American Business Shares, Lord, Abbett** expresses the opinion that although words cannot measure the relief and joy which the news of peace brings to all who are related to fighting men, they may serve to review the probable meaning of this event for investors.

Three practically assured results—lower tax rates, good earnings and good dividends — are sensibly discussed and in summation the bulletin states:

"The meaning of peace to investors should be an important increase in 'confidence'—the most influential element in market trends. As the Wall Street Journal says editorially, 'The energy which beat two great war machines to the ground, the cold courage which routed Japanese from the caves of Okinawa, will be the energy that will make quick work of reconversion and the courage that will solve the social problems which face us.

"'Of all days, the day of victory is not the time to sell America short.'"

Keystone
Custodian
Funds

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Prospectus may be obtained
from your local investment dealer or
The Keystone Corporation
of Boston
50 Congress Street, Boston 9, Mass.

Investor Squeeze

Selected Investments Co., in a recent memorandum on **Selected American Shares**, discusses the problems of diminishing bond yields and the constantly rising cost of living.

A chart is presented showing average monthly yield on Moody's AAA corporate bonds and the U. S. Department of Labor's cost of living index from 1933 to the present. It reveals that while the average monthly yield from Moody's AAA corporate bonds dropped from 4.49% to 2.65% during this period, the monthly average cost of living index of the Department of Labor rose from 92.3 to 126.9.

The result is a reduction by more than half in the purchasing power of all those who must live off the income from high grade bonds.

"This is a primary reason," continues Selected Investments Co. "why many trustees, estates and individual investors have turned in the direction of including common stocks in their holdings in recent years.

"Stocks pay more . . . the Dow-Jones Industrials, for example, at their mean price for the 1st 1945 quarter yielded over 4% on payments of the previous 12 months. And there is reason to hope dividends may rise after the war."

Announcement

Hugh W. Long and Co., national distributors of **New York Stocks, Manhattan Bond Fund** and **Fundamental Investors**, has announced the election on Aug. 1, 1945 of Richard A. Wright as Vice President in Charge of Sales Promotion.

"Legal" List

The current issue of **National Notes** discusses the latest development in an accelerating trend toward liberalizing State laws with regard to investment trusts. The bulletin quotes excerpts from the July 19 issue of the Wall Street Journal containing information about the two new laws passed by the Nebraska Legislature permitting trustees and life insurance companies to purchase investment company shares.

National's summation: — "The present trend toward lifting restrictions on investment of trust and other fiduciaries funds is constructive. We expect this trend to continue so that the long-term advantages of stocks and trust share investment will be made available to a widening number of investors, private and institutional."

Mutual Fund Literature

National Securities & Research Corp. — Bulletin on **National Income Funds**; reprint of Barron's comparison of investment companies as of June 30, 1945; suggested letters for dealers' use on **National Selected Groups Series** and **National Securities Speculative Series. . . . Selected Investments Co.** — Bulletin showing diversification of a $10,000 investment in **Selected American Shares** as of July 31, 1945; bulletin entitled "Victory is Bullish"; latest issue of "These Things Seemed Important." . . . **North American Securities Co.**—Semi-annual report dated June 30, 1945 on **Commonwealth Investment Co. . . . Hare's Ltd.** — a folder entitled "Second Grade Rail Bonds Appear to Have About Reached Their Price Ceiling." . . . **Lord, Abbett** —current issue of Abstracts.

Essentials for Post-War Trade

(Continued from first page)

is no more possible for us to go separate ways in peace than in war. We multiply our strength when we join hands in a common purpose and a common cause.

We have now reached one of the decisive moments in human history. You, here in London, bear visible scars which show the fury to which you in the front line of battle have been subjected. We in the continental United States, who were not in the front line, bear our scars too, but our scars, while they are tangible and lie deep in our national life, are not visible to the physical eye as are yours. It has been the American destiny once more to suffer grievous losses far from home. Our common losses in blood and treasure make it all the more important that we work together in the great tasks ahead of us, the great tasks of setting right the relations of man with man and nation with nation.

Cooperation With Russia

Grievous too have been the losses in blood and treasure of the Soviet Union, our partner in the war and the victory. We have proved many times over in the course of this war that Britain, Russia and the United States can work successfully together. The defeat of the aggressor nations, overwhelming as it has been, could never have been accomplished in the allotted time and to the same degree, if this cooperation had not been achieved and maintained. We have now come, and we give thanks for it, to the era of peace. It is a new era, but it is based on the firm foundations of mutual respect and admiration. If cooperation has worked in war, if it has stood the practical test in all the confusion and stress of conflict, there is every reason to believe that cooperation will work even better in peace.

It is part of our daily life as business men to realize the necessity of give and take. We know that every transaction is doomed to failure which is not based on fair play by both parties. We know that there is ample field for commercial cooperation with Russia, each of us recognizing and respecting the divergent economic beliefs of the other.

The International Chamber of Commerce

As your Chairman has told you, I have come to London for the purpose of presiding at the sessions of the Council of the International Chamber of Commerce. It is fitting therefore that I report to you what have been the objectives of these meetings and to give you some idea of what has been accomplished.

Business men from 26 nations have attended and participated in the Council Meetings. The 26 nations included Canada and Mexico, which have recently formed national committees and to which, as new members of the International Chamber, we have extended a most cordial welcome. The attention of the Council was devoted not only to questions concerned with restoring the activity of the International Chamber after its long dormant period during the war, but it has also dealt with such problems as the expansion of world trade, the role of private enterprise therein, international investment and possible future relationships between the International Chamber and the Economic and Social Council of the world security organization set up at San Francisco.

The International Chamber stands ready to cooperate in every possible way with the Economic and Social Council. This vitally important organization is to initiate studies and make reports on international economic and related matters and may make recommendations with respect to any such matters to the General Assembly and to the members of the United Nations. The basis for cooperation between the International Chamber and the Economic and Social Council is to be found in the provision of the charter enabling arrangements to be made for consultation with non-governmental organizations.

Throughout its sessions the Council has enjoyed the very gracious hospitality of the United Kingdom and of the British National Committee of the International Chamber of Commerce. This atmosphere of cordiality has contributed greatly to the success of our meetings, and I want to take this occasion to express our very deep appreciation to our British friends for the many courtesies and kindnesses which, in this difficult period, have been extended us with such great liberality.

This meeting of the Council of the International Chamber marks the 25th anniversary of the "world parliament of business." It was founded shortly after the close of the last war and was established in consequence of a deeply rooted conviction that a world business organization was needed to help solve the complicated economic and political problems resulting from that war. The problems then confronting the world were in many respects similar in character to those which press for solution at the present time. They had to do with such questions as reparations, currency inflation and currency instability, the budgetary deficits of nations and trade barriers.

The International Chamber directed its best efforts in attempting to solve the post-war problems of that period, and in the decade of the 20s, it was able to exercise important influence in the direction of freer international trade. Its recommendations were brought to the attention of the respective governments by the various national committees and were also brought to the attention of the Economic Section of the League of Nations.

The Effect of Trade Barriers

During and after the Great Depression, its efforts in bringing about a reduction in trade barriers were frustrated by the forces of economic nationalism and autarchy which with great virulence swept the world. Now it again falls to the lot of the International Chamber to help rebuild a world left in ruins by the ultimate results of policies of bilateralism in trade and by the desire to achieve economic self-sufficiency.

From 1939 to 1944, Mr. J. Sigfrid Edstroam of Sweden served as President of the International Chamber and kept the organization alive so that it might be revived at the earliest possible moment. At the time of the International Business Conference held at Rye, New York, last November, it was apparent that the war in Europe was drawing to a close and decision was then made to renew the activities of the International Chamber. At that time I agreed to accept the Presidency, because I was convinced that, on the basis of its past record, the International Chamber presented the greatest opportunity available to private enterprise to play an important part in the rebuilding of the world.

Objective of World Trade Expansion

The principal objective of the International Chamber is the expansion of world trade. In the furtherance of this objective the International Chamber is convinced that the private enterprise system is not only the best means, but the only means of establishing world trade on a multilateral basis and thereby of obtaining the greatest possible volume. This is simply another way of saying that the private enterprise system is the best way of bringing about world prosperity and employment, of assuring a higher standard of living for all peoples, and of securing and maintaining world peace.

Those of us who believe in unrestricted world trade were delighted that the Congress of the United States prolonged the Reciprocal Trade Agreements Act for an additional three year period. The extended Act permits the President to change tariff rates by as much as 50% of those prevailing on Jan. 1, 1945. This enactment affords direct tangible evidence that the United States desires to facilitate an expanding world trade and to play the essential part of a creditor nation in receiving its due share of imports. It affords evidence too that the United States is willing to implement Article IV of the Atlantic Charter and Article VII of the Master Lend-Lease Agreement and permits the United States to make substantial concessions in order to restore multilateral trade which alone can make most effective use of the resources of the world.

Proposed World Trade Conference

In order to speed the restoration of multilateral trade a world trade conference should be called as soon as possible. Recommendations to this end have been advanced frequently in the United States and more recently in particular by a Special Committee on Post-War Economic Policy and Planning of the House of Representatives. I sincerely hope that the conversations now taking place in London between representatives of the United Kingdom and the United States will lay an effective basis for the projected conference.

The success of a world trade conference will depend upon the willingness of nations to make mutual concessions. The topics which doubtless will figure on the agenda include the adjustment of tariffs, the role of state trading monopolies, export subsidies, import prohibitions and quotas, preferences and discriminations, regional currency arrangements, and codes of fair conduct in the fields of taxation and international investment.

Never will the world have a better opportunity than the present of ridding itself of those devices which in the past have hampered international trade and have been used as instruments of national warfare. Now is the time for action. Established patterns of costs and prices have been dissolved by the pressure of war. The whole world is short of goods and to restrict imports is the height of folly. The productive capacity of the world, when reconverted to the products of peace, can be fully utilized only if the channels of international trade are opened and remain open. Only if trade is free can the goal of reasonably full employment be attained without recourse to such artificialities as continued government deficit financing, which ultimately leads to the socialization of the economy.

Trade Barriers Must End

The removal of trade barriers is a necessary prerequisite to the removal of exchange controls and the stabilization of exchange rates. The longer exchange controls are retained, the more do they become part of the economic fabric of a nation's life and the more difficult is their elimination. Only if trade barriers are removed will nations be assured that debts incurred for stabilization and other purposes can be repaid in goods, and will the fear disappear that certain currencies may become scarce.

The benefits flowing from freer international trade were set forth in an admirable fashion in the study "World Trade," prepared by a Sub-Committee of the British National Committee of the International Chamber of Commerce. The report stated that world trade and investment are multilateral in character. Every move towards the bilateral canalization of trade, the report continued, reduces trade, directs purchases to less favorable sources of supply, hurts established export industries, forces unwanted imports on the weaker parties, and provides endless occasions for strife. Let us then not lose the unrivalled opportunity presented by the termination of hostilities to reestablish multilateral trade. Only through its reestablishment can world peace, the objective of the San Francisco Charter, be assured.

Removal of Domestic Controls

The expansion of world trade requires not only the elimination of tariff barriers and trade restrictions but also the early removal of wartime controls from domestic economic life. Unless such controls are removed at the earliest possible moment, they tend to become so firmly embedded in the economic life of a nation that their elimination becomes extremely difficult if not impossible. Only if such controls are removed will competitive forces be given full play and will national income rise to the level necessary to support a large volume of foreign trade.

Public opinion in the United States is strongly opposed to the continuation of controls over the domestic economy longer than absolutely necessary. The research committee of the widely-representative Committee for Economic Development has recommended that all wartime controls, not clearly essential, be removed not later than six months after final victory. This would allow time for a substantial reconversion of industry.

The restoration of competitive forces, the essential basis of an expanding volume of foreign trade, involves more than the removal of wartime controls. It involves the elimination of those practices which, in time of peace, interfered with the free functioning of the price system Among these were not only trade barriers and trade restrictions, but also monopolies and cartels, and arbitrary controls exercised over interest rates and the capital markets Nations can all too easily drift into totalitarianism by permitting or promoting those practices which, in themselves, seem innocuous and perhaps even beneficial but which in cumulative effect destroy the private enterprise system.

International Cartels

Domestic monopolies in the fields of industry or labor, international cartels and commodity agreements are all incompatible with a freely functioning competitive economy. All are designed to regulate or evade competition. All prevent the best utilization of the economic resources of the nations of the world and curtail world trade. To justify their existence, the proponents of monopolies, cartels and commodity agreements rely on such euphemisms as the need for adjustment of supply to demand, for the orderly distribution of commodities and for the stabilization of prices. In less euphemistic language these purposes are in reality those of restricting output, allocating markets and increasing prices.

The cartelization movement received great impetus in the inter-war period. It was an outgrowth of the same forces which were responsible for the emergence of extreme nationalism and economic self-sufficiency. It found its highest expression in Germany which is not surprising in view of the absence of a tradition of free enterprise and of individual action. The same attitude of mind that led to a cartelization of German industry was readily made use of to produce political dictatorship.

In the post-war world strong pressures will exist for the cartelization of industry and for international commodity agreements. These pressures must be resisted if we are to have an expanding world trade to which all nations will have access on an equal basis. These pressures must be resisted if we are to have maximum world production.

Danger of "Easy Money"

Still another example of the type of practice which may seem harmless or even beneficial in itself, but which may ultimately react adversely on competitive forces, is that of instituting and maintaining so-called easy money policies. This practice was common in the pre-war period and became a cardinal principal of fiscal policy during the war itself. Easy money policies induce an expanding volume of commercial bank and central bank credit. Only by means of such credit expansion can interest rates be lowered and be kept at artificially low levels. But the expansion of credit generates an increase in purchasing power, which during the war has risen to gigantic sums and which was one of the principal factors inducing nations to impose rationing and price controls.

If governments are determined to keep interest rates low in the post-war period, continued credit expansion will be induced, in view of the large pent up demand for capital. Continued credit expansion will lead to demands for the maintenance of price and rationing controls in order to check the resulting inflation and for direct control by governmental authorities over the types of loans to be made by commercial banks and over the use of savings funds. Controls of the character described inevitably lead to a form of state capitalism, in which the state decides, by means of its control over short and long-term credits, the types of industries to be favored and of goods to be produced.

The rate of interest must be free to move and, in its fluctuations, to reflect the supply of and the demand for savings. Unless the rate of interest is free to move, nations will find it necessary to continue foreign exchange controls. This in itself will destroy the basis for multilateral trade and prevent world trade from reaching the highest possible levels. Unless the rate of interest is relied upon to influence the supply of savings and to allocate those savings to industrial and other uses, the state will have to perform these functions. It will have to decide how much people should save and what industries should use these savings. But this involves complete control over the economic life of a nation. If we are to remove war time controls and let the competitive and dynamic forces of the economy have full scope, we must, as one phase of this problem, decontrol the rate of interest.

Conclusion

The main objective of the International Chamber is to bring about a situation in which international trade is promoted and encouraged. In our opinion this result which we all desire, depends upon the progressive elimination of trade barriers and can best be accomplished through the processes of free enterprise. It should never be forgotten that free enterprise is the counterpart in the economic field, of democratic action in the political field. Multilateral trade cannot exist in the absence of free competitive enterprise any more than free enterprise can exist in the face of trade restrictions and controls.

The sessions which have just concluded of the Council of the International Chamber, have laid the basis for the meeting of the Congress to be held in the fall of 1946, the first since that which convened in Copenhagen in 1939. We shall gather under much happier auspices inasmuch as the Copenhagen Congress met two months prior to the outbreak of war. At that time the International Chamber set forth its aims as those of contributing to world peace through world trade; of securing for all peoples a fair distribution of raw materials, food and other products; and of converting the longings of people for peace, security and prosperity into a practical program of economic adjustment and human understanding.

The aims set forth at the Copenhagen Congress continue to be those of the International Chamber. The need for international cooperative action is recognized now as never before. The International Chamber, serving as a world parliament of business, has a magnificent opportunity to promote those policies which will further peaceful trade and prosperity and raise the standards of life of all peoples. Peace, security and prosperity are indivisible.

Ohio Brevities

(Continued from page 836)

Programs." Wallace H. Wood of Central National Bank was on the same panel. Albert O. Werner, national executive councilman and Vice-President of the Industrial National Bank of Detroit, was in charge of the conference, assisted by James J. Harbage.

* * *

President Albert A. List of National Refining Co. announced that the company had acquired all of the outstanding stock of the Albert Realty & Warehouse Corp.

Mr. List said the Albert Realty firms owns about 95% of the capital stock of William Whitman Co., Inc.; all of the capital stock of the Cleveland Arcade Co.; real estate and buildings in Sunbury, Pa.; mortgages on real estate in Cleveland, Fall River and New Bedford, Mass., and other miscellaneous assets.

* * *

Cuyahoga County (Cleveland) Commissioners awarded $1,625,000 refunding bonds to the National City Bank of New York at the lowest interest rate in the county's history. The bank bid ¾ of 1% with a premium of $1,625. The bonds mature 1950. The previous lowest rate was 1½% two years ago.

Commissioner Joseph F. Gorman said the second highest bid was submitted by National City Bank of Cleveland, one of 2% with a premium of $57,362.50. Proceeds will be used to retire two blocks of 3¾% and 4% bonds, Gorman said.

* * *

Tappan Stove Co. reported that stockholders subscribed to 23,382 shares out of a total of 25,250 shares of capital stock recently offered to holders.

The remaining 1,868 shares not subscribed for were purchased by an underwriting group headed by McDonald & Co. Others in the group were Fahey, Clark & Co., Hayden, Miller & Co., Merrill-Turben & Co., all of Cleveland, and Van Denburgh & Karr, Inc., of Los Angeles.

With Stoetzer, Faulkner

(Special to THE FINANCIAL CHRONICLE)

DETROIT, MICH. — **Leo Nelson Youngs** has become associated with **Stoetzer, Faulkner & Co.**, Penobscot Building. Mr Youngs was in the past with Keane & Co. and Hemphill, Noyes & Co.

This announcement is neither an offer to sell nor a solicitation of an offer to buy securities.
The offering is made only by the Prospectus.

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Goldman, Sachs & Co.

August 21, 1945.

The Stock Market During Period Of Reconversion and Beyond

(Continued from page 826)

tory, and approaching prospects of the final V-Day have had a favorable effect upon stock prices. Growing stupendous supplies of unused funds and at the same time accumulating deferred demands have progressively assured a high post-war volume of business. Washington's reports that excess profits taxes would be eliminated soon after the war have been an important consideration. This expected tax relief plus the outlook for a big volume economy has been reflected in earnings and dividend estimates. Shortage of almost everything but money, including investment grade bonds and preferred stocks, has increased the demand for common stocks. The domestic political background has encouraged investors and contributed to the revival of confidence in the future, at least for the next few years.

Market Becomes Relatively High

This combination of bullish forces, the full strength of which I have tried to recognize since early 1942, carried the stock market by May and June to the highest level in eight years. The more popular group of stocks exceeded or approached the bull market highs of 1937. The Dow-Jones Industrial Average, for example and to be specific, reached a level approximately 17 times current earnings. This is as high a price in relationship to current earnings as experienced in 1936 and early 1937, and approximately equal to the high times earnings ratio of the 1928 and 1929 boom market, except for a few weeks at the peak. Typical common stock lists at recent highs yielded less than preferred stocks. The average yield on the 30 stocks in the Dow-Jones Industrial Average declined to only about 5% in excess of that on high grade preferred stocks. Common stock yields did not become relatively lower than this during the most optimistic phase of the preceding bull market.

We find, therefore, that after a little over three years of generally advancing prices, in adjustment to and discounting the many favorable influences, the stock market at last reached a level that appears to have fully reflected current earnings and dividends, and a level from which future broad movements may be determined primarily by the prospective trend of earnings and dividends. This level was reached on the very threshold of V-J Day which ushers in a serious readjustment and a period of lower earnings and dividends. This surely encourages the conclusions that the stock market reached a level that may not be exceeded for a number of months. Also, that the stock market has become vulnerable to readjustment problems.

Reconversion Plus Readjustment

I used the expression "readjustment problems" because it is a gross understatement of the problems immediately ahead to speak as though we have only to reconvert. We need the imagination stimulated by the Atomic bomb to fully contemplate the pending adjustments in our economy.

We in the financial district represent a group that will not be affected in our work or income with the ending of the war. For some individuals and plants it is a straight reconversion problem. But for the hundreds of thousands of Mr. and Mrs. Smiths that pulled up stakes and moved to war production centers, it is something else. There is the case of Jack, a dishwasher at the local restaurant before the war, who is now a Captain or Major. For the hundreds of thousands that he represents, it is not a question of reconversion. Again, there is a group represented by Jane, formerly a clerk at the 5 and 10-cent store for less than $20 a week, who during the war has been receiving $75 per week in a war job. If she doesn't quickly marry Captain Jack, she is faced with more than a reconversion problem.

Within a space of time measured better by weeks than months, the generally accepted Federal Reserve Board Index of Production will plunge 50 points or more. Unemployment will shoot from a nominal amount to a level reviving thoughts of the dreadful days of 1933. Many localities with a shortage of labor last week will have almost nothing to do next week. The worst of these conditions will be temporary. As the speedy conversion to war production was the modern miracle number one, so the speedy swing back to a peace time economy may be the modern miracle number two. Nevertheless, they are fraught with danger.

The on-rushing readjustment will provoke controversy and strife on the home-front. Labor has already made known its plans to fight for an increase in basic wage rates to maintain a "reasonable weekly take-home." And organized labor knows how to put on the heat. There will be a tug of war between the right and left factions, and politics will again be written in bold capital letters. We may soon see more evidence of trends at home typified by the recent Labor Party's victory in Britain.

I want to follow this thought only far enough to pose a practical question of investment policy. If stock prices have advanced substantially and to a level that may not be exceeded until new and more favorable forces come into dominance, wouldn't it be prudent, in view of the immediate problems, to exercise reasonable caution for an intermediate period? If part of the common stock money has been switched into high grade preferred stocks and corporate bonds, or even U. S. Governments, the net loss in income for most investors is of little consequence.

How We Look at Things

When the market is advancing it is only natural that the general investment considerations are: What are the upside influences? How far ahead might the market look? Which stocks will advance most? News seems to be mostly good because the tendency is to emphasize the good and minimize the bad.

This is not only a natural tendency, it is a necessary approach if an investor is going to make the best of his opportunities. There is seldom a period of rising prices, when if one puts emphasis upon the problems and risks, he wouldn't be very conservative rather than profitably aggressive. This has been particularly true during recent years.

If for any of various reasons, the market enters a reactionary phase, the general investment considerations will change to these: What are the downside influences, and to what extent will the market be dominated by them? What are the risks and which stocks might decline most? The news appears less favorable or discouraging because there is a tendency to emphasize the bad and minimize the good.

Again, this is only natural. As a matter of fact it is essential for investment survival. During most periods of market decline, even 1929-1932 and 1937, if one puts emphasis upon the favorable possibilities, he can justify owning too many common stocks. If upon this sober appraisal, the general background continues to justify current prices and affords the prospects for appreciation, the market is ready to resume its uptrend. On the other hand, if upon this sober appraisal there develops uncertainty about the position and prospects of the market, a more prolonged price readjustment will generally occur. How we look at things has so much to do with what we see.

For an extended period of time and into May and June, we were definitely in a cycle of emphasizing the good and minimizing the bad. This contributed to the rise which appears to have reached a logical stopping point. The momentum of the advance has been lost. Prices generally are no longer cheap under current circumstances. The market has faltered and it seems to me likely that this will lead into a cycle of increased caution. There is a greater prospect that in the period ahead the shorter-term problems will temporarily out-weigh the longer-term possibilities than at any time since the Summer of 1943. Considering the level of the market and this background, I expect to see another phase of decline that will ultimately carry the market as a whole under the recent lows.

Statistical Measurement of Risks

This leads to the obvious question of how far the market might decline. I shall outline two separate approaches to the answer and both focus upon approximately the same level.

The stock market, measured by the Dow-Jones Industrial Average, reached in May and June a maximum price of 17 times current earnings and afforded a yield of only 5% over high-grade preferred stocks, as mentioned previously. If with the upward force of momentum, the improving background, and the optimistic emphasis being placed upon developments the market could not exceed these ratios, it is quite unlikely that it will be able to do so from now until the next phase of more favorable developments. The composite index of hopes for the future related to concern over near-term problems probably reached its high water mark.

This gives us something to measure from in determining a low range for the market. The spread between the point of maximum hope and speculative buying and the rate of capitalization at the year's low is seldom less than two times earnings or 15% in the common-preferred stock yield ratio. These were the average ranges through 1935-36 and into early 1937, the most favorable phase of the preceding bull market. The variation in feeling between hope and concern had no accentuated changes during that period. At no time did general doubts develop about a continuation of the major uptrend. Earnings and dividends were increasing. The now fallen war lords of Germany, Italy and Japan were strutting like cocks before a fight, but they were relatively well behaved while buying in the world markets much of the materials with which to wage war. In contrast, the problems of the period immediately ahead are of a character and magnitude that would ordinarily accentuate a market readjustment. It is my opinion, however, that the change in the valuation ratios will be held to near normal proportions by the basic good in early peace and the almost certain long-term prospects.

The Dow-Jones Industrial Average had earnings of about $10.00 per share and paid dividends of about $6.50 per share during 1944. The figures continued at approximately these rates until surrender week. If we apply to these earnings and dividends the year's high times earnings and yield ratios adjusted for this reasonable change, we obtain a figure of about 150. The current price is about 165 Dow-Jones Industrial. This is only the first step in our statistical hunt for an answer as to how much the market might decline.

One must break away from the ordinary arithmetic of two plus two equals four in order to make estimates of near-term corporate earnings. And in an important situation such as we are faced with it is dangerous to simplify the approach behind certain assumptions which may appear logical but prove wrong. V-J Day was well timed in one sense, as analysists quickly observed. With almost three-quarters of high pre-tax earnings, even deficits for the balance of the year could be absorbed with only a moderate average decline in the year's earnings against 1944. If Excess Profit Taxes were eliminated immediately, earnings and dividends on the Dow-Jones Industrial Average for the next 12 months could approximate those for 1944. They almost certainly could be no higher. This suggests that if the most favorable possibility materialized it would justify a reasonable statistical low from now into the period of readjustment of about 150 Dow-Jones, since these are the figures appraised previously. If Excess Profit Taxes are not eliminated, earnings during the next 12 months may average near $8.00 and dividends $6.00, with deficits for the next one or two quarters being commonly reported.

The moderate decline in these estimates reflects what happens when 85% of a large part of the reduction in pre-tax earnings is offset by lower taxes, when many companies may benefit from the carry-back provisions of the tax law, when large reserves are no longer set up out of reported earnings, and when ultra-conservative finacial policies have been followed during the war boom.

The market is certain to minimize the initial poor earnings. In my judgment, they could sustain approximately the same low price for the market as the higher earnings. After all, the difference between the two sets of figures is more superficial than real, so long as the ultimate elimination of Excess Profit Taxes is a justifiable expectation. They reflect the same over-all economic situation—the same level of business, of employment and of pre-tax earnings. If the market were to go to 150 Dow-Jones and earnings on a 12 months basis declined to $8.00, the times earnings ratio would be 19. The yield on a $6.00 dividend at 150 would be 3.65%. This is approximately the current yield on high-grade preferred stocks. Considerable long-term confidence would have to prevail to support these valuation ratios, and I believe it will.

This statistical analysis is purely a rational way of evaluating current and near-term earnings and dividends just as you would determine the reasonable price for a bond in this money market, with the additional complication of the many variables. It alone does not justify a prediction. But it does encourage an opinion that during the readjustment the market could logically react to near the year's low of about 150. This could happen if earnings and dividends remain at current levels. It could hardly help but happen if they decline.

Analysis of the Market

The second approach to throw light on the extent of possible intermediate decline is an analysis of the market itself. The response of investors and speculators is motivated materially by the intangibles of hope, fear and mass psychology. It is the effect of these emotions that so frequently causes the market to respond with apparent wisdom in anticipating and dicounting the future.

When the market reached its top in May and June and entered a period of reaction, selling was activated for various reasons. Some people sold stocks because of the high level that they had reached and the low yield. Some stocks were sold because of fear of the ending of the war. Others were sold to take profits and traders in particular sold because they sensed a possible termination of the uptrend. Other reasons come to your mind, I am sure. The details only change from one time to another. An abnormal situation is obviously created by this accentuated selling.

If the basic situation is sound, this initial, almost spontaneous, pressure will carry the market below its justifiable value. This puts it in a strong position which soon attracts buyers, including many who are recent sellers, and the uptrend is then resumed. On the other hand, if the situation calls for a greater and more extended market readjustment, as I believe is the case this time, the initial pressure can be depended upon to carry the market a considerable distance on its way.

The 1943 market readjustment is a recent example. A wave of selling was precipitated in connection with the fall of Italy. The market quickly declined from 146 to 134 Dow-Jones. There followed a few weeks of stabilization and moderate rise after which a second phase of decline developed, concurrently with the general feeling that the war's end might be close at hand. You probably remember how strong that opinion was even in Washington. The final low was about 130. Approximately three-quarters of the total decline was concluded during the first phase of selling. This is quite typical, but not a logical case to reason from in analyzing today's market. The prospects feared soon faded away like the morning mist before the rising sun. This time an important change becomes real, as business, employment and earnings figures will soon reveal.

A Guide to Go By

The extreme change in market background during the first part of 1939 makes this a good case to consider today. The year opened with a number of officials in Washington making a strenuous effort to stimulate better relations between business and Government. There was even talk of a possible disarmament conference during the coming Summer. (If by now some of you doubt these observations I refer you to a rereading of the daily newspapers during those months.) Nevertheless, the market declined during January from about 155 to below 140. By early March it was back up to 150.

Then on March 15 the Germans marched into Czechoslovakia. This was the prelude to the six-year human tragedy of "Hell on Earth" the end of which we are now gratefully celebrating. At once it was feared that World War II was inevitable and soon. At that time it was generally considered that War would be immediately bearish on the stock market, and there was talk of the Exchanges closing if war broke out. In three weeks the market had plunged under the January lows and it was commonly stated that we were in a new bear market. The efforts to reconcile business and Washington appeared on the wane. The September 1937 crash was still fresh in people's minds and fears ran high. At this vulnerable point Italian troops marched into Albania. The market was carried to an extreme low of about 13 times current earnings and to a high yield basis of about 5%. Actually the market was beaten down 10 points under what turned out to be the low associated with the outbreak of the war. Nevertheless, despite the change in sentiment and the depressed level to which a combination of unfavorable developments drove the market, moderately over one-half of the total decline occurred on the first phase.

Notwithstanding the magnitude of the problems ahead, I doubt if there can be a greater unfavorable reversal in sentiment between now and the better-days-further-ahead than was witnessed during the Spring of 1939. The only consequential factor I see that could make the current situation more severe is the earnings and dividend outlook. The first phase of this reaction extended from 169 to 161, 8 points. If this were to equal about 50% of the total, the market would decline to 150 to 155. At this level the market would be almost 50% higher in relationship to current earnings than at the 1939 low.

This difference can be justified. In addition to the statistical background previously analyzed that points up about 150 Dow-Jones Industrial Average as a reasonable downside range, there are sustaining influences that will moderate the impact of the readjustment. There is too much good in early peace for it to set off an extended period of cumulative liquidation. Many companies will be aided quickly by peace and their stocks may need only a period of price readjustment. Stocks of companies which, on the surface, might be in for the greatest liquidation are mostly among the one-third that are already relatively low in price. Also of importance is the definitely inflationary program being followed by the Government.

Investment Opportunity

The readjustment problems are discountable. They will soon appear quite obvious and in their initial phase they may look their worst. Labor will paint a dark picture of unemployment, and bring pressure for its program of increased basic pay, unemployment compensation, etc. Industry will tend to overstate its difficulties in an effort to obtain maximum relief from high taxes, controls and price ceiling. Relatively low profits on the initial production of many civilian products may moderate hopes of early high earnings.

Once the stock market has become adjusted, and stocks sell down to a level of good support, the market should be braced against the difficult problems of the readjustment period. Thereafter the journey may be rough, rougher than now expected by most investors and at some point many people may develop doubts. It is my firm opinion, however, that those who have prepared for and then look upon this prospective readjustment as an investment opportunity will incur only moderate risk and ultimately realize substantial profits.

Full Employment—Who Is Responsible?

(Continued from page 828)

and public enterprise. In 1940, of the 46½ million jobs then available, approximately 43½ million were in the field of private enterprise — in commerce, agriculture, manufacturing, the professions, trades and services. The balance of three million was in the field of public enterprise—in regular government establishments at the federal, state and local levels. There will doubtlessly be in the post-war period some expansion above the prewar level of employment in regular governmental services. Useful public works would also supply some of the new jobs needed, but there is unanimous agreement that it is highly desirable that the great bulk of these jobs be found in the field of private employment. Conversely, every business man will agree that nothing would be more disastrous than to rely on government alone for the expansion in employment which is necessary.

Nothing said herein should be interpreted as opposition to having available jobs on public works. It is unfortunate that we haven't ready now a much larger shelf of projects blueprinted and with financial arrangements made. Too much of the planning for post-war public works is still in the "dream" stage.

How Are Jobs Created?

It is easier to tell how jobs are not created than how they are created. They are **not** created by speeches about full employment nor are jobs created in any real sense by adding names to public or private payrolls. Actually, useful jobs stem **only** from the production and distribution of goods and services. Therefore, to get more jobs born we must expand consumption and production.

Involved in an expansion of production—an expansion of private enterprise—are many complex factors, ranging from hard cash to daring imagination. Before output can be increased sufficiently to provide one new job, someone has to have an idea, a plan, capital, the willingness to risk that capital, plus the necessary skill in production or distribution, or both, to translate that plan into a program of action. To create the seven to ten million new peacetime jobs we'll need in the post-war period will require hundreds of thousands of ideas, billions of risk capital, and a vast amount of courage **because these new jobs can be created only through an increase in our national output of goods and services to a level 30% to 45% above that of 1940. Stated in terms of 1943 prices, it means we must achieve a gross output of from $155 billion to $170 billion.**

First of all, it is the quintessence of horse sense to accept and strive for a goal high enough to meet our social and fiscal needs.

The fact that a goal in output of $155 billion to $170 billion is needed in the post-war does not prove, of course, that it is obtainable. No one can guarantee it. However, it is the studied opinion of the Research Committee of the Committee for Economic Development that this goal CAN be reached—and perhaps exceeded—in the first post-war decade, provided three essential objectives are accomplished. We must focus our attention and our activities sharply on these three conditions for the attainment of this goal:

1. America's two million enterprisers must be ready with plans for expansion which will result in maximum production, distribution and employment—when the green light is given.

2. We must have an economic climate that will be favorable to the expansion of present businesses and also to the starting of a vast number of new businesses, quickly. We shall need at least a million new enterprisers who will shift from job-holding to job-giving. Most of this expansion must come in the field of distribution. The trades and services hold much of the promise for the attainment of new levels of employment.

3. We must have freedom from industrial strife.

First, let us consider climate. The Research Division of C.E.D. is charged with the responsibility of contributing as best it can toward providing an economic climate favorable to expansion. According to Paul G. Hoffman, "We do not have such a climate today. There are policies in business, government, labor and agriculture which promote contraction rather than expansion. This is understandable, because the panic of 1920 and the depression which followed gave birth to some strange thinking, which in turn found expression in weird policies. Business, which was suffering from a lack of volume, initiated, and in large measure supported, the NRA with its codes for increasing prices and stifling competition. Offering better values became a crime. Numerous and sundry programs were proposed by various segments in agriculture for plowing under acreage and not growing crops. These were supported, perhaps reluctantly, by most of America's farmers. Labor, not to be outdone, went to new lengths in imposing unnecessary restrictions on output. Government, obligingly, through legislative action, gave the sanction of law to many of these activities designed to fasten upon us an economy of scarcity.

"It took a war to change our thinking, to accept goals of greater and greater production, and, above all, to restore to us faith in ourselves. Today no one doubts America's capacity to produce. And no one quarrels with the idea that we must produce more if we are to have more to divide. But there still remains the urgent necessity of revising many of the policies of business, labor and agriculture, and of changing many of the laws of the land before we can hope to achieve a peacetime economy of abundance."

"Business, labor and agriculture each have the right—in fact, the responsibility— to make suggestions and recommendations as to the changes in laws and policies which they believe necessary. Our Committee, in considering how it might engage in a constructive activity looking toward the creation of a better economic climate, reached certain conclusions. First of all, we recognized that the only sound approach in the appraisal of policies should be from the standpoint of the general public welfare. We did not subscribe to the idea that what helps business helps you, but rather what helps you and every other American helps business. Our primary concern is over the maintenance of a free dynamic society in the post-war period. If such a society prevails, business and labor both can be assured of their essential freedoms."

Second, let us consider the plans of our two million enterprises. Generally speaking, manufacturing concerns have laid plans for expanded production and employment which will result in the highest peacetime manufacturing employment in the history of this country but all segments of our business structure must do their share if we are to achieve our objectives.

There is considerable confusion concerning the structure of American business. America has the reputation of doing business in a big way. But, actually, prior to Pearl Harbor there were less than 2,100 business concerns in this country employing more than 1,000 people. In 1939 there were only 816 manufacturers who employed 1,000 or more people—only 175 manufacturers employed 25,-

(Continued on page 848)

With Claybaugh in Florida

(Special to The Financial Chronicle)

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The Securities Salesman's Corner

By JOHN DUTTON

Some Nuggets Gleaned From the Experiences Of A Successful Sales Manager

Twenty-one salesmen and the lowest income earned by any one of these men averages $7,500 a year—the majority earn around $15,000, several hit $25,000—that's the record of an organization that knows how! These earnings are not gross—they are the net earnings of retail salesmen. The amazing thing about this organization is that among the 21 men in the sales force there are no deadheads—very seldom do you find an aggregation of this size that doesn't have at least a few non-producers.

When the writer of this column asked the sales manager of this fine concern "How did you do it?", his answer was quick and decisive. "Six years ago when I started to build this sales force," said he, "I insisted upon large unit sales and small profits." "We went after the large accounts and the markups were small, my fellows became used to doing big business. Today they have large accounts, their customers have huge profits; we don't overtrade any accounts, when we sell a security that has promising possibilities for sizable market appreciation we keep our customers long of that situation until they have a real profit."

Six years of building along such sound lines as these, plus a recovery market and the ability to select profitable situations and you have the result today—a superior sales organization.

Then he told us of something else which he believes contributes to the success of his salesmen. He insists that every salesman make at least one **personal call** a month on each account. Luncheon dates stand high on their program—they show an interest in their accounts—they make friends of their customers. "Our business is on a personal basis, we never allow our customers to feel that they are out of our mind." There you have something—if a customer is worth having he's worth the time it takes to pay him a visit at least once a month, otherwise he's not worth having at all.

Another thing he told us was the fact that he had just approved an advance of a couple hundred dollars for one of his men. He said that if he couldn't have the kind of men around him that were worthy of occasional financial assistance, that he wouldn't hire them and keep them in the first place. Every once in a while an emergency comes up where salesmen who have made good incomes need some assistance. This is not unusual. Some men are big spenders, or they just don't know how to handle their own finances, or they may have sickness or reverses—that doesn't say that they are not strictly honest and good salesmen. If a survey were ever made we venture the opinion that some of the best producers are the ones who spend the most, and have the least at the end of the year. If they are good men—give them a lift. We think this sales-manager was absolutely right when he said, "If they are good enough to work for me they are good enough to qualify for financial assistance when they need it."

The only hurdle this fellow said he couldn't surmount today is to keep his men working. Too much money made already this year, taxes now too high, incentive to do more is low. It's a situation that has many counterparts all over the country. The only antidote that we can think of is to point out that the more securities sold now at the right prices, in the right situations, the greater the possibilities for trade-outs and reinvestment next year—and then there may be some reduction in taxes—MAYBE!

ABA Shows Trend To Stronger State Banks

The trend toward incorpration of sound fundamental banking principles in the laws governing state banking systems has been aided by the model statutes on bank supervision formulated by the Committee on State Legislation of the American Bankers Association. Seventeen supervisors of state banking systems stated that they considered revision of their present banking laws desirable and in eleven of these steps have already been taken to effect necessary revisions, according to survey results recently published by the State Bank Division of the Association.

"The American Bankers Association advocates adoption of the sound principles in the model statutes," said G. O. Thorpe, chairman of the A.B.A. Committee on State Legislation, "but does not propose adoption of uniform acts by all of the states."

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Arden Farms Co., Pfd. & Com.
Fullerton Oil Co., Com.
Wagenseller & Durst, Inc.
Members Los Angeles Stock Exchange
626 SO. SPRING ST. TRINITY 5761
LOS ANGELES 14
Teletype: LA 68
Market Quotations and Information on all California Securities

Full Employment— Who Is Responsible?

(Continued from page 847)

000 or more. Here is the balance of the figures:

Estimated Number of Business Firms by Size of Business (1939 Census)

Size Class (By Number of Employees)	Number of Firms (In Thousands)	%
Total	3,316.7	100.0
No employees	1,503.2	45.3
1 to 3	1,221.2	36.8
4 to 7	304.6	9.2
8 to 19	165.7	5.0
20 to 49	69.6	2.1
50 to 99	23.5	0.8
	3,289.8	99.2
100 to 249	15.7	0.5
250 to 499	6.3	0.2
500 or more	4.9	0.1
100 and over, total	26.9	0.8

Small Businesses

These figures clearly indicate the facts that American business is essentially small business. In this connection C.E.D. believes the following facts to be self evident:

First, that small business and new enterprise provides one of the nation's greatest laboratories for new ideas and new products.

Second, that small business, and particularly new enterprise, promote competition and flexibility in our economy, and thus furnish protection against monopolistic practices which maintain prices and restrict production.

Third, that small enterprise provides a splendid school for training our citizens in the self-reliance and resourcefulness which have been so important in forming the spirit of America.

Fourth, that the maintenance of opportunity for every individual, regardless of race or creed, to establish and build his own independent business is essential to the preservation of a free society in the United States.

The Committee recognizes that many of the problems of small business are common to business of all sizes, and that national policies adopted to improve the economic climate for business in general will redound to the benefit of small business. The goal of a dynamic and expanding economy can be attained only by the removal, and not by the imposition, of impediments to the healthy growth of private enterprise.

No solution of the problems of small business can be evolved within a brief period of time, or by the activities of any one group. These problems do not lend themselves to quick and ingenious answers, nor can they be solved merely by the enactment of remedial or punitive legislation.

What is called for is a concerted attack on the special problems of small business over a long period of time by many different private groups and by various agencies of federal, state and local governments. Concurrent programs of national action and of action by each separate community will be required.

Because of this, most of C.E.D.'s publications, films and suggestions are essentially for small business. Our community Committees, are, in general, made up of and work with small businessmen. At the present time—now that most manufacturers have completed and disclosed their post-war plans for expansion—community committees and chambers of commerce are working to stimulate commerce to complete their plans for post-war expansion.

New Businesses

Next, let us consider the question of new businesses. I have already stated that approximately one million new businesses will be needed in the post-war period and that the majority of these will be in the field of distribution and services. For your information, here is a breakdown made for C.E.D. by the Federal Reserve Bank in Philadelphia concerning the breakdown of employment in agriculture, manufacturing, commerce and government. At the war peak in 1943—

16.6% were employed in agriculture
33.3% were employed in manufacturing
39.9% were employed in commerce
11.2% were employed in government

It is estimated that these percentages will change as follows in the post-war period: Agriculture from 16.6% to 18.7, which will be lower than agriculture employed prior to Pearl Harbor. Manufacturing 33.3 to 25.8. However, it must be remembered that this latter figure is 25.8% of approximately 35 million people whereas prior to Pearl Harbor manufacturing employment was about 24.5% of 46½ million. Commerce will jump from 39.9% to 46.2. Government will drop from 11.2 to 9.3.

C.E.D. encounters with surprising frequency the fallacy that post-war planning is the exclusive province of manufacturers and industrialists. We have yet to find a retailer who doesn't believe that every manufacturer should be planning boldly — and planning now—but a large number of retailers, wholesalers and owners of service businesses are doing no planning for their own enterprises.

No one in the field of distribution or service businesses has the right to aloofness or complacency in the matter of post-war planning.

The hope of achieving rapid and substantial increase in gross national product can only be achieved if the wholesalers and retailers — including the corner drug store—and the service businesses play their part in planning for expansion.

Much has been made of the fact that when the war ends purchasing power in America will be at a new and startling peak. That's true, but purchasing power is static. It becomes useful only when translated into effective demand by smart, aggressive merchandising. As of today, America's capacity to merchandise is far, far below America's capacity to produce. As a result, not only is complacency unjustified but it should be replaced by aggressive planning on the sales front—starting yesterday. The Marketing Committee of C.E.D. submits the following propositions:

1. The prime need in industrial post-war planning is to develop markets at home and abroad; in other words, to sell more goods to the peoples of the world.

2. The next most important need is to do so at lower distributive costs so as to lower prices and widen markets still further.

3. Development of maximum markets at lowest distribution costs will require a calibre of marketing beyond anything which has hitherto been seen in this country.

It is obvious that the best thinking of all segments, business, labor and Government, would be required to achieve new levels of employment, and it is the direct responsibility of all three groups to adopt policies that promote expansion rather than contraction.

Redeem Cuba Bonds

Republic of Cuba, through Ramon Leocadio Bonachea Sarduy, Acting Consul General of Cuba in New York City, notified holders of its External Loan 30-Year Sinking Fund 5½% Gold Bonds issued under Loan Contract dated Jan. 26, 1923, that $1,016,700 principal amount of the bonds were drawn by lot for redemption as of July 15, 1945, out of moneys in the sinking fund, at 100% of their par value and accrued interest to the date of redemption. The bonds drawn for redemption were paid at the office of the fiscal agents, J. P. Morgan & Co., Inc., on or after July 16, 1945. From and after the redemption date interest on the drawn bonds ceased. On June 8, 1945, $469,100 principal amount of these bonds previously drawn for redemption had not been presented for payment.

Full Production and Full Employment

(Continued from first page)

The small shopkeeper in a typical industrial American town is also worried. He knows that when the workers in that locality are laid off or take wage cuts they cannot buy the food, the clothing which he is so anxious to sell to support his business.

It is strange that these fears arise at a moment when we should be filled with the tremendous joy of complete victory over the brutal and evil Axis powers. It is unfortunate that our human needs have received such scant attention—at the moment when we should be looking hopefully toward the horizon of a prosperous and peaceful future.

In 1933 President Roosevelt took office in his first term confronted with a somewhat similar situation. He lifted the American people from the depths of despair with his clarion challenge that "we have nothing to fear but fear itself."

We certainly have within our grasp the opportunity to build a joyful future, the foundation of which was laid by President Roosevelt in his historic Economic Bill of Rights. This reflects the aspiration of our people. But nothing less will suffice. It means jobs for all with steadily increasing wages, decent homes, health and educational facilities for all, full opportunity for all businessmen to compete in a free market and a decent return to farmers.

But action is imperative to attain these conditions. Expressions of pious hopes proved disastrously insufficient in 1929.

Suggestions of CIO

The CIO, in an effort to meet the needs of workers, businessmen, farmers, professional people, has made some concrete suggestions for immediate action.

It is now a truism to state that full production and full employment for reconversion and post-war rest primarily upon the purchasing power of the American people. But this is threatened through loss of weekly earnings, the return to civilian production with lower rates of pay and unemployment. That is why we have called upon the President to issue an Executive Order directing an immediate revision of our national wage policy to provide for a substantial increase in the basic wage rates for American workers. We are opposed to wage cuts of any description or through whatever guise they may be attempted. The minimum wage should be immediately raised to 65 cents per hour. Substandard wages do not make for a healthy and prosperous people.

Profiteering must be curbed and price control by the OPA continued until shortages disappear. Demagogic appeals by profiteers for elimination of controls should be exposed and their true design revealed as but attempts to gouge the American public.

Then there are steps which Congress must take immediately.

Legislation must be quickly enacted for additional Federal payments to enable unemployment compensation payments to be increased to $25 per week for 26 weeks. Unemployment compensation should be made available to Federal employees, maritime workers, and others who are not now protected under existing law.

The Murray-Patman Full Employment Bill, which recognizes the obligation of the Government to assure full employment and full production, has been recently described by President Truman as "must legislation."

The Wagner-Murray-Dingell Social Security amendments to improve old-age pensions, federalize unemployment compensation, and establish a basis for health insurance is a minimum requirement for a prosperous post-war America.

At this moment it is of course of the utmost importance that we give the fullest protection to our returning veterans. To this end Congress should amend the GI Bill of Rights to provide for increased mustering-out pay, larger advances for education and business opportunities, and greater protection and facilities for the disabled veterans.

Tax Revision

With the ending of the war our governmental financial requirements will be sharply reduced. This permits for a drastic revision of our tax laws. But the opportunity should not be used to aggravate the situation brought about by the last tax bill described by President Roosevelt as providing relief not for the needy but for the greedy. Tax relief should be extended to low-income groups by way of increased exemptions for married couples and increased credits for dependents and an elimination of taxes on low incomes. There can be no objection to extending the benefits of the carry-back to individuals, similar to those now enjoyed by corporations. This would permit war workers to avoid the burden of heavy taxes during their unemployment. Finally, special relief for small business should be given in order to encourage the maximum intiative for the resumption of peacetime production.

Organized labor fully understands that our objective must be full production and full employment. We are equally appreciative that this can be achieved only through the unified efforts of labor, management and the Government. Industrial strife should be avoided and certainly not provoked.

The problem of industrial disputes cannot be solved merely through the creation of machinery to handle such disputes. With the enactment and implementation of a program designed to meet the needs of the people and assuring an expanding economy with full production and full employment—we can achieve industrial accord.

It is for that reason that we have suggested our program as a basis for immediate action by Congress and the President of the United States. With that foundation, a labor-management conference, as suggested by President Truman, can make a substantial contribution by dealing with problems of mutual concern and formulating additional appropriate action to be taken by either labor and management or by Government.

Failure to recognize our problems, or hesitation in providing bold and forthright solutions, will receive the condemnation of the American people. We have demonstrated that our democracy is sufficiently alive with imagination and resourcefulness to overcome all obstacles in war.

The common people, here and abroad, are equally determined, in peace, to enjoy the fruits of their victory through Freedom from Want and Freedom from Fear.

Expects No Widespread Strikes

Many people inside and outside of labor are gravely concerned about the possibility of post-war strikes. No responsible official of organized labor or worker enjoys strikes. No union wants to see a wave of strikes now that the war is over.

Unfortunately, many enemies of labor are already conjuring up the spectre of widespread strikes, hoping thereby to stampede Congress into enacting repressive anti-labor legislation.

Actually the facts are these: Thousands of collective bargaining agreements now outstanding, all of which provide for grievance machinery for the adjustment of disputes, contain no-strike pledges for the duration of such agreements. The CIO has already stated that its organizations and members will comply with their obligation in letter and in spirit. These agreements assure industrial peace for their duration and should thus furnish a very healthy and stabilizing influence during our reconversion and post-war periods.

We call upon employers who have these agreements with labor unions to equally adhere to their contractual obligations and not endeavor in any way to provoke their employees by violating their agreements and hope to encourage strikes and stoppages. If employers give equal heed to their commitments and take a responsible approach to the joint problems of labor and management there will be no wave of post-war strikes in America.

Organized labor was confronted with very heavy responsibilities during the war. It met them unflinchingly and with developing maturity.

We now face the future with a keen understanding of the broad problems which confront this nation at home and abroad. Economic and political isolation is an archaic concept.

World Trade Union Congress

It is for this reason that the CIO is actively participating in the formation of a world federation of trade unions. The first convention of the World Trade Union Congress is to be held in Paris in September. Organized labor from every country in the world will gather for its sessions. The representatives assembled at this convention will speak for over 60,000,000 organized workers throughout the world.

This unity of world labor will be the greatest bulwark for peace and democracy. We may confidently anticipate that world labor will make certain that Fascism and Nazism will never again threaten the peace of the world. We may equally be confident that the activities of this World Trade Union Congress will be directed toward the end that the material and human resources of the world will henceforth be utilized not for human exploitation—not for the repression of colonial peoples—but for the rich enjoyment by the common people of all the blessings which a peaceful and prosperous world can bestow.

Political developments abroad and at home should make clear that the peoples of the world expect this to be the century of the common man. The people are on the march. They have endured tragic sacrifices and sufferings in the most bitter struggle that mankind has ever known to destroy once and for all all vestiges of Nazism and Fascism and Japanese militarism.

They do not expect ever again to permit irresponsible or narrow-minded leaders to develop domestic or international conflicts which may lead toward war.

As General Eisenhower has very eloquently expressed it—as we have fought to win the war, the people will fight with equal fierce determination to win the peace.

Return to Enlightened Despotism

(Continued from page 832)

quire a certain amount of planning. Every individual or business must plan and the government also must plan its own legitimate activities. These legitimate activities may include without any danger the provisions of information for individuals to aid them in their planning. But when the government attempts to suppress other sources of information and other than the official interpretation of the information supplied, or to draw up a master plan and use pressure to force individuals to conform to it, we are beyond the only meaning of planning that is consistent with free enterprise and individual liberty, except, of course, during war, when all laws, including those of economics, are silent. Modern planners whether of the Communist, Nazi, Fascist, Socialist or New Deal variety have gone far beyond that point.

Perhaps a good workable definition of "planning" for the purposes of the present discussion would be: "Symtematic interference by the government with the processes of production and consumption, with the object of increasing the national income." This would exclude governmental activities for the purpose of national defense or the enforcement of the community's moral standards, or in areas not accessible to private enterprise.

Meaning of Planned Economy

As the phrase, "planned economy," is generally used by its advocates, it means the direction of all or a large part of the nation's important economic activities by the government or by some organization controlled by the government and endowed with quasi-governmental powers. Since anybody that controlled the economic activities of the nation and had in addition the powers already possessed by government would be able to control the total of human activities, "planned economy" as outlined by its leading advocates is merely a modification of totalitarianism, phrased in language not so shocking to the ears of free men as the language of Communism and Fascism. In 1935 President Roosevelt publicly stated that fact when he said: "In 34 months we have built up new instruments of public power. In the hands of a people's government this power is wholesome and proper, but in the hands of political puppets, of an economic autocracy, such power would provide shackles for the liberties of the people." But what are the President's appointees if they are not political puppets, and how can the vast agglomeration of governmental bodies for the control and financing of all industry and agriculture be regarded as anything but an economic autocracy? Their funds are provided for them out of taxes or loans collected forcibly from the people. They have succeeded in many cases in destroying the power of the courts to review their decisions; and individuals affected by their decisions, even when the courts are theoretically available, can obtain no redress because of the expense and delay involved, and if they attempt to do so are subject to persecution and defamation from all the henchmen of the new order and their supporters in the press and on the platform. A notable example at the present time is the controversy over Bretton Woods, in which sincere advocates of an intelligent foreign financial policy are accused of selfish motives and branded, paradoxically, as being at the same time isolationists and international bankers; and for many years we have seen sincere opponents of the Fascistic tendencies of the Administration falsely condemned as Fascists.

Planning is universally admitted to require centralized direction, equipped to act more promptly and vigorously than parliamentary or other forms of representative government have shown themselves able to act in the past. Hence planning, even when competently and honestly carried out, is the antithesis of democracy, as we have in America understood and admired the term. But experience shows that it has usually been either incompetent or dishonest. Planning is advocated by persons with academic and theoretical backgrounds as a means of improving the general welfare. It is advocated by persons of a certain moralistic disposition, who like to see everything done in an orderly manner and are appalled by the irregularities and unpredictabilities of free enterprise; and by warm-hearted idealists who like to think that the ills of the world can be instantly and permanently cured by some easy formula; and by congenital meddlers—the Lady Bountiful type—who get a warm glow of satisfaction from the feeling that they are controlling the lives of other people for their victims' own good. These more or less idealistic groups are assisted by office-seeking politicians, self-seeking pressure groups, and notoriety-seeking publicists. Being human, they would make as many mistakes as private business men, even if the job were no harder than running a private business. But the job is infinitely harder, although many persons seem to be unable to realize it. When a private business man makes a mistake he either finds it out pretty quickly and corrects it, or else the sheriff and the receiver in bankruptcy correct it for him. But when a governmental planner makes a mistake all he has to do is to persuade the voters that his critics are scoundrels, and then he can go on repeating his mistakes for another term of office and paying for them with other people's money; and if he uses that money to lengthen his term or to increase his power, can he be blamed for it? That is only what dictators and tyrants have done regularly since the dawn of history. Is it fair to expect every President to be a Washington?

Lord Acton once remarked that "All power corrupts, and absolute power corrupts absolutely." If the word "corrupt" is used in the narrow sense of financial corruption or corruption of personal morals, that is not universally true. But power does corrupt judgment and respect for the opinions and rights of others. It removes men from the opportunity of discussing matters with their equals, and causes them to be surrounded by special pleaders, flatterers and yes-men. Even when unpleasant facts cannot be blandly overlooked, power leads men to adopt the dangerous doctrine that the end justifies the means, and to do evil that good may result. And if sometimes we find that the evil is done to those whom they hate, and the good results only to the dictators and their partisans, that is only natural and comparatively unimportant.

The idea of governmental planning for the economy is not new. On the contrary, it was taken for granted during the most of recorded history. Free private enterprise was unthinkable in most countries during the greater part of ancient and medieval times.

Precedents of "Planned Economy"

In the 18th century all economic activities in Europe outside of Britain and Holland, were narrowly circumscribed by law or tradition. All governments were despotic, though usually well-intentioned. The thinking men of the time were continually devising schemes to improve the lot of their fellow men, and many of these schemes were tried out by many governments. Most of these schemes were startlingly like those that have recently been discovered by our pink intelligentsia, and by the large recent crops of Ph.D's in Economics who obtained their licenses to pose as experts on governmental and business activities without ever having had any business experience and without apparently ever having studied economic history or political science. It would seem that the only device for promoting prosperity that was not tried out in the 18th century, although it was discussed under the name of laissez-faire, was the scheme of free enterprise.

Dean Swift, in **Gulliver's Travels,** (1726) wrote a very amusing satire on some of the bright ideas current in his time. Sober historians record the tragic fate of France when in 1720 the king was persuaded by John Law that the unlimited issue of bank notes would make the nation prosperous. Specialists in the literature of economic theory are acquainted with the doctrines of Bernard de Mandeville, who declared that spending was the key to prosperity, that individual thrift was harmful to society, and extravagance and spending for vicious purposes made money circulate and increased the purchasing power of the people. How like this sounds to the present-day attacks on saving, and the Keynesian doctrine that government spending increases the national income, even if the spending is for the purpose of building pyramids or digging holes in order to fill them up again.

Specialists in public finance recall also the theory of Dr. Richard Price, (1771) who declared that a national debt need not be a burden, because a properly devised sinking fund would pay it off automatically without pain to the taxpayers. That theory was eagerly accepted by most of the finance ministers of that day, except our own Alexander Hamilton. Perhaps Dr. Price's theory was as intellectually respectable as the modern one that a national debt need not be a burden because the principal need not be paid and we owe the interest to ourselves.

Governmental planning on a psuedo-scientific basis, however, reached its apex in the latter half of the eighteenth century, the era of the so-called "enlightened despots." Frederick II of Prussia, Catherine of Russia, Joseph II of the Holly Roman Empire, Charles III of Naples and Spain, Peter Leopold of Tuscany, and Joseph I of Portugal all attempted to reform and regulate the economic structures of their respective nations in accordance with the idealistic aspirations of the leading thinkers of the time, and with the aid of highly trained economists, statisticians, and experts in administration. In fact the science of statistics was invented as an aid to such efforts; courses in statistics and cameralistics, the science of governmental regulation, were offered in the universities. Many of the publicists of that era held up China as the model of efficient government, just as many modern planners hold up Russia, and probably for the same reason, that they knew very little about actual conditions in the country they took for a model.

The group of theories that these statesmen took for their guide is generally known as mercantilism. What were the results of their activities? The least altruistic and most skeptical of the lot—Frederick of Prussia—left Prussia stronger and perhaps more prosperous, and left a highly-trained and capable civil service for the use of Bismarck and Hitler. Catherine of Russia, starting in as an idealist, became embittered by her failures and undid some of her own reforms. She also left a legacy of autocracy and governmental control of business to her successors to the present time. The emperor Joseph II, probably the most sincere and idealistic of them all, and assisted by the most highly trained bureaucrats, strove diligently for ten years to combine the welfare state with the authoritarian state, but his planned economy failed to make Austria strong or its people prosperous. The other despots mentioned accomplished some temporary good, but their governments were all swept away by the French revolution or the conquests of Napoleon.

The British Policy

All of the 18th century planners had inherited a tradition of despotism. They and most of the thinkers of the time, outside of England and Holland, took for granted that despotism was essential for efficient national planning. In England the situation was complicated by the happy genius of the British for inconsistency; the government and the leading thinkers favored planning, but the people were instinctively opposed to controls. The survivals of medieval and Elizabethan regulations were badly enforced, and new regulations were blocked. I suspect that it was more than a coincidence that the common man was better off in England and Holland than in many of the planned economies, and that England was the country that made the most progress in industry and commerce in the 18th century. The cotton textile industry, especially where the industrial revolution originated, was free from regulation, and clothing for the masses was cheaper in England than anywhere else in Europe.

Although England was comparatively free from national planning in the home island, the colonial policy of George III was a good example of it. In full accordance with the prevailing sentiment of acknowledged experts, George III attempted to regulate the commerce and industry of the American colonies. In order to strengthen the British Empire and promote the welfare of his subjects, as he thought, he forbade the colonies to set up iron manufactures, or to produce textiles for export, or to settle west of the Appalachians, or to sell certain products except to England, or to sell other products anywhere except in England, or to trade in their own ships with the West Indies or any country of Northern Europe. These regulations were not intended as acts of oppression against the colonists; they were intended to promote the military strength and economic welfare of the empire. They resulted, as you all know, in the loss of the colonies and the establishment of a new nation, which adopted for itself a constitution intended to prevent its own government from repeating the mistakes of George III, and permeated by a wholesale dread of centralized power.

A modern might conceivably remark that the experience of the 18th century has no bearing on our present situation because, first, despotism is not essential for national planning and, second, our would-be planners are more intelligent and have more knowledge of economic principles. Both of these claims I deny.

The Modern Aspect

I will not on this occasion elaborate the proof that effective governmental planning of a nation's economic activities is inconsistent with political freedom, or what Americans have known as democracy. Mr. von Hayek has done a good piece of work on that. Mr. von Mises, I believe, has done even a better one for American readers. And the words and actions of many of the planners themselves show that if they have their way the ten articles of the Bill of Rights will be whittled down to two: the right to vote for the party in power, and the right to receive a job (nature unspecified) from the party in power. The ninth and tenth articles of the Bill of Rights have already been completely destroyed; the first, fourth, fifth, sixth, seventh and eighth have been repeatedly violated by officials and cut down by court decisions. And, of course, the Federal Government has usurped many functions that were reserved by the Constitution to the States.

Let us not be deceived by the soothng words of the planners and their hypocritical or unintelligent protestations of belief in free enterprise. On Sept. 14, 1936, Hitler said: "Germany will guard jealously the principle of private enterprise. I will never permit bureaucratization of German industry. I am convinced that there must be competition to bring the best to the top. Of course, whenever private interests clash with the interests of the nation the good of the community must come before profits to the individual."

Now for the second point: Are the proposals of today's planners sounder than those of the planners of 200 hundred years ago? No, for in important respects they are essentially the same, and where they differ the difference is often for the worse.

The over-all objectives were practically the same—to increase the nation's prosperity. The mercantilists talked more about wealth and were more out-spoken about military strength; the moderns prefer to talk about income and emphasize its distribution as well as its amount. Both groups place the interest of society or of the state above those of the individual, or at least insist that the proper way to benefit the individual is to benefit the society of which he is a part, and that his own efforts to better himself unless carefully controlled will be either futile or detrimental to others.

In general the means recommended are the same, ranging from education and propaganda through loans, subsidies, and discriminating taxes, to fines and jail sentences and deprivation of means of livelihood. In Russia they have freely employed capital punishment and exile, and although our American planners have not yet advocated such dras-

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Railroad Securities

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million, equivalent to 3.19 times fixed charge coverage on an overall basis, and with a balance of $14.75 and $4.86 per share on the preferred and common respectively.

Admittedly, uncertainties exist as to whether the Commission plan as approved by the Court will be consummated in its present form. Passage of the Hobbs Bill would doubtless force a rewriting of the plan. It is even possible, though somewhat unlikely, that without the benefit of a Hobbs Bill, appeal of the junior bondholders might force a change in the plan. However, a change is less likely than in the case of the Denver, where the District Court was decisively overruled by the C.C.A.

Of the old securities the Rock Island Secured 4½s, 1952 and the Refunding 4s, 1934 still offer the best current values. The junior 4½s, 1960, selling 8 to 10 points above the value of cash and new common to be received, are discounting a new plan with correspondingly better treatment. Legal possibilities of better treatment are not sufficiently clearcut to justify speculative risks involved. Of the new "when issued" securities, the Income bonds, now in the high 90s, no longer possess possibilities of substantial appreciation. Only the preferred stock with two years' dividend arrearages as of December 31, 1945, or $10 per share, appears attractive, affording possibilities of moderate appreciation combined with reasonable investment quality.

Return to Enlightened Despotism

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tic measures, they have as a rule found it easy to excuse the Russian procedure. These objectives and means were and are carried out and used by large numbers of highly-trained experts in well-paid non-elective government positions with security of tenure and pensions upon retirement.

Coming down to specific points: The mercantilists desired a large population, fully employed, and for that reason favored the immigration of able-bodied workers. Modern planners say less about population as such, though emphasizing the necessity of reducing the death rate and perhaps increasing the birth rate. They are silent on the immigration of able-bodied workers, although apparently most members of the American planners' coterie favor free admission of persons seeking refuge here from the European planners and the consequences of their activities. They are vigorously outspoken in favor of full employment, setting up a goal of more jobs than there will be workers.

The mercantilists insisted on an adequate supply of home-grown food. They tried to increase the product of agriculture. Some modern planners have tried to reduce the supply of food coming to market, so as to maintain or increase farmers' profits. The contrast between these views is not, I think, flattering to the modern planners.

Both groups advocate control of the location of industry, the nature and amount of the output, the conditions of work. Both are highly conscious of the danger of overproduction, and plan for export outlets to take care of the surplus product, as well as for direct limitations on output.

Both favor and try to stimulate exports as a means of maintaining a high level of employment or high price levels. They resort to very complicated tariffs and commercial treaties to further that end. They are unwilling to admit imports that might threaten the volume of domestic employment. To avoid the necessity of taking such imports, the merchantilists favored imports of gold or silver, hoping thereby to maintain prices and profits and also to have a reserve to help in case of future wars; the modern planners at present scoff at gold and advocate gifts to foreigners, and large credits for long periods, frequently on flimsy security. Only twelve years ago, however, they raised the price of gold in order to stimulate exports and raise the level of domestic commodity prices, but the result instead was to bring about an enormous import of gold, and a stimulus to gold mining all over the world. Whereas the 18th century planners had learned from experience the advantages of a currency fixed in value, modern planners willingly resort to changes in the value of their currencies in order to promote their political or social policies. In fact the British at Bretton Woods refused to abandon their right to devalue their currency at will, for that reason.

The mercantilists desire for gold imports was partly because of their desire to build up a treasury reserve against emergencies. Many modern planners on the other hand favor building up a government debt, which is, of course, an easier thing to do.

According to the mercantilists, taxation should be used not only as a means of obtaining revenue, but also to penalize or encourage certain types of activity. They tried to avoid taxes that would reduce production. The modern planners believe in incentive taxation, but they also wish to redistribute income and to avoid taxes that might reduce consumption.

The mercantilists aimed at a balanced budget as an ideal, and welcomed surpluses. Modern planners usually give lip service to a balanced budget but have much to say about the stimulatng effects of deficits.

The mercantilists took for granted that government expenditures should be for useful purposes. They spent large sums on roads, canals and other public works. The modern planners favor public works, but they are not limited to productive expenditures; the Keynesian multiplier works according to schedule, even if the government expenditures, politely called investments, are for leaf-raking or the destruction of German and Japanese industrial plants. The mercantilists controlled wage rates, usually trying to hold them down, either that the goods produced by laborers might compete in price with foreign products, or that the laborers should not live too luxuriously. Modern planners control wage rates, usually trying to raise them in times of peace, and to hold them down in time of war, in so far as that can be done without losing too many workingmen's votes. They also control profits and salaries and interest and rents in order that wage-earners may live more luxuriously and the recipients of other forms of income less so.

The mercantilists controlled prices of specific commodities while in general working for a gradually rising price level by stimulating the circulation of money. So do the moderns.

The mercantilists controlled the quality of goods, ostensibly to protect consumers. The result was to hamper innovation and reduce consumers' choice. The same holds true now.

These experiments in mercantilist planning have been summarized by Eli F. Heckscher as follows: "The contempt of mercantilists for religion and ethics, their desire to subject individuals to the state, their belief in a somewhat mechanical social causation without belief in a preestablished harmony, made them even more ruthless in their insistence upon setting aside all sorts of time-honored customs and human needs and presented a strong contrast to the fundamentally humanitarian attitudes which followed. Moreover, in this respect, as in most others, the ability of mercantilist statesmen to achieve what was required by their programs was very limited; and their attempts at directing economic life without violence remained mostly on paper. In practice, they had recourse to almost all the time-honored methods of coercion."

Laissez Faire—Revolt Against Planning

The experiments in national planning were so unsatisfactory that the political philosophers and the general public of the following decades turned away from that ideal in the direction of laissez faire; and under the comparatively free systems of the 19th century the population and wealth of Europe expanded to an unprecedented degree. The liberal movement of the 19th century consisted mainly of getting rid of government controls and enlarging the liberties of the individual citizens. By a paradoxical process of semantics the name "liberal" is now claimed by a group that is striving to narrow the liberties of the individual citizen and restore a system like that against which the original liberals revolted.

This nation started out with a philosophy of political and economic liberalism and adhered to it in the main for 140 years, with highly beneficent results, although there were occasional lapses and detours onto the road of totalitarianism. The protective tariff was a manifestation of economic planning, in which sectional and other selfish interests played a large part. Many states played with state banks, railways and canals, which they dropped after getting their fingers burned. After the Civil War a strong party advocated greenbacks, a form of managed currency intended to reduce the burden of both public and private debts. But the modern trend toward centralized nationwide planning received its impetus from the first World War and was made possible in this country by the Federal Reserve Act and the income-tax amendment.

Planning After World War I

It is no accident that the depression after 1929 was the longest in modern history, and also the one in which governments made the most vigorous attempts to prevent readjustments of prices and wages. It was also preceded by a boom that more than any previous peacetime boom in history was based on credit provided by government-controlled banks that were managed by persons confident of their ability as economic planners.

The Federal Reserve Act was intended, reasonably enough, to improve the banking system by reducing seasonal fluctuations in interest rates, removing obstacles to the flow of funds from state to state, reducing the dependence of banks on the stock exchange, and improving the quality of bank supervision. Its powers were extended during the war to help finance the government. After the war the Reserve Board took upon itself the task of smoothing out the business cycle, by means of changing discount rates and open-market operations. Its success in minimizing the depressions of 1924 and 1927 was widely acclaimed by economists here and abroad, and led directly to the extraordinary booms in real estate and stocks which in turn made inevitable the extraordinary collapse of values in 1929.

It is said that the chief instigator of the open-market operations was wise enough to suggest restraints before the crash came, but, if so, he was not wise enough to foresee that restraints, or the withdrawing of favors once given to politically influential groups, are among the rarest and most difficult of political phenomena.

The Federal Reserve easy-money policy was assisted by repeated pronouncements by the President and the Secretary of the Treasury, reassuring the public that prosperity was here to stay. Foreign loans were floated on an immense scale; they were attractive to investors because they promised higher rates of return than could be obtained from domestic securities. They were also urged, not only by the persons directly interested in arranging them, but also by public-spirited internationalists and academicians, as a means toward international peace and prosperity, and as a means of maintaing the volume of exports, especially agricultural exports.

Alongside the Federal System was built up in the twenties a set of government lending agencies (Federal Land Banks, Intermediate Credit Banks), intended to save farmers from the results of their unwise speculation in farm lands during and immediately following the war, and to prolong the agony of farmers on marginal farms. As a result many marginal farms were kept in cultivation and many unwise mortgages were maintained or incurred, and when the demand for farm products fell off after 1929 the collapse in farm prices and losses to farmers were much greater than they would have been without this well-meant but ill-judged assistance.

The planners in England were following similar policies. By keeping interest rates artificially low the Bank of England drove British capital into illiquid investments in foreign markets, while at the same time foreign capital, largely belonging to banks, was invested in London in highly liquid forms. As a result when the crash came and foreign bankers withdrew their funds from London the British devalued their currency. In plain language the nation went bankrupt. Bad financial practices have occurred in both London and New York on many previous occasions, but this time they were more disastrous, because they were the result of national policies deliberately undertaken as a result of an economic plan.

I need not go into the development since 1932. If the Republicans chastised us with whips, the New Dealers have chastised us with scorpions. There are, however, two points that should be borne in mind: one, that the measures I have mentioned in the 18th century and in the 1920's were not merely practical expedients grasped upon by harassed politicians but were logical steps in carrying out national policies in accordance with what was supposed to be the best opinion of economists. They were real examples of economic planning. Second, that each step leads to another and longer one; powers once granted require enlargement; palliatives applied at once place cause eruptions elsewhere; a two-billion-dollar deficit leads to a forty-billion-dollar one; a 2% tax on large incomes develops into a 90% tax; special favors must be met by extending similar favors to the complainants; critics must be silenced; nonconformists made to conform; Congress must be brought into public contempt if it tries to assert its rights and perform its duties, and the public must be kept soothed by more and more high-sounding promises.

Robert Frost, in his recent poem, "A Masque of Reason," makes a character say: "I hate a tendency; the minute you get on one it seems to start right off accelerating." That generalization certainly applies to governmental economic planning.

Yes, we are on the road to serfdom, and farther along than most of us realize. It is a downhill road, and the further we proceed the faster we travel. It does not lead to a bright future, but circles around to the land of darkness from which our ancestors came. But if enough of us consult our maps and compasses and consider the accounts of previous travellers on that road, we can still turn back from it and resume once more our march along the highway of individual liberty, progress and prosperity. We can once more recognize the dignity of the human individual and restore to him the right to pursue his own ideal of happiness in his own way, subject only to the rights of other individuals to do the same, and free from the coercion, benevolent or otherwise, of those who set themselves up to be at first our guardians and then our masters.

SEC Hearing Set on Recent NASD By-Law Amendments

(Continued from page 827)

for the same sort of an attitude that we find with the merchant. In the absence of any special facts, we are about comparatively the same task in making a purchase, whether it is that of a suit of clothes, a house, foodstuffs or part of a securities portfolio.

Our aim is to get the merchandise we seek at the best price that we can and the dealer's aim is to sell us that very merchandise at a price which, under all the circumstances, nets him a profit.

We have yet to learn what is behind this "professional tinge" brainstorm, not only what, but who was behind it in the first instance. The deep dyed secret compels the belief that the public interest was never the motivating force but that a stranglehold on the securities industry was.

Cumulative proof of our contention is the failure to present all of the facts to member firms of NASD and also to the public in general. We don't know yet what conferences were held on the subject between representatives of the Securities and Exchange Commission and those of the National Association of Securities Dealers. Were minutes kept of these conferences? What were the specific subject matters of discussions and who made what recommendations? Until all of this becomes an open book, the whole is subject to suspicion.

As we indicated recently, our point of view parallels that of the Department of Justice in so far as the general rule of fair practice which the NASD attempts to enforce is concerned. We too feel that the terms of "high standard of commercial honor" and "just and equitable principles of trade," are so general in their concept that the limit of their meaning must be fixed by the law of the land. This means Congressional action. This bars the substitution of rule-making power in place of statutory provision, either on the part of the SEC or the NASD.

As a general principle, we have been grounded in the training that the Government is the people and those who govern are its representatives. The wish of the people is the controlling factor in Government. Hence, those who govern are called public servants, a characterization which is aimed at lending vitality to this concept.

In connection with the recent vote conducted by the Governors of the NASD on the subject of registration and other covert subjects, we contend that this concept was wholly ignored.

The failure to provide for absolute secrecy—a secrecy which was impossible of disturbance—will always be a con-

tinuing condemnation of the Board under whose supervision the poll was taken.

In our opinion, the Board again violated this concept by the "package party" which it tendered to the member firms in the course of the poll, thus preventing the full exercise of membership franchise by a mass incorporation in one package of amendments which required separate voting.

As we read the daily papers, since the cessation of hostilities and the coming of the peace, we find almost in each one of them either a relaxing of or an eradication of restrictive and regulatory measures. The public reaction is to throw them off. They served some purpose in an emergency but now they are outdated and outmoded.

Despite all this, the Governors of the NASD, for the first time, as a consequence of these by-laws, may, if they so choose, control profits, control commissions, and control other charges. What an ironic and disgusting contrast this is.

True it may be said that this the Governors cannot do without first submitting proposed additional by-laws to the member firms. However, unless they are restrained in the interim, this they will do, and the vote will be marked by the same disillusioning interference that characterized the poll on the last amendment.

These and other oppressive measures, which now mark and have heretofore marked NASD activities, should meet with ready relief, and we are concerned with the possible sources from which such relief can come.

The most ready source of action could be the NASD itself. If the Governors would only realize the extent of public disapproval of their activities, more particularly in their recent attempt to deal with the subject of profits, commissions, and other charges, they would immediately arrange for the revocation of the last amendments. Many other provisions of NASD by-laws require curative treatment. This also applies to certain monopolistic practices. In fact, a reexamination of all the by-laws, a complete study with a view to the elimination of those rules and regulations which are oppressive, would prove beneficial and, in a measure, raise the NASD from the low esteem in which we believe it to be held.

Another source, the Securities and Exchange Commission has an opportunity to render public service by giving the NASD by-laws a going-over and eliminating, amongst other things, the two-end squeeze which is contemplated by, on the one hand, curtailing profits, while on the other, the expenses of operation are being constantly increased through needless regulations, needless examinations of books and records, and the compulsory responding to long and burdensome questionnaires.

The repeal of the Maloney Act would be an overall service to the public and to the securities industry. At this opportune time, when the entire country is in the mood, the Congress would cover itself with glory by dealing a death-blow to that piece of special, unconstitutional, and monopolistic legislation which has been a cloud upon the horizon of good government.

Of course, existing voluntary organizations in the securities field have a chance, and a big one, in this quest for free markets and the maintenance of our American institutions. Whether they will take advantage of the opportunity remains to be seen and we shall be hopefully watching.

Last, and most important, we must have some new champion or champions to whom the institutions that our founding fathers created are extremely precious, a man, or men, who are prepared to make the necessary fight to test the legality of the Maloney Act, the existence of the National Association of Securities Dealers. Until this controversial matter is put at rest, there will be no peace in the securities field.

Both the time and the opportunity are now. The urgency is such that it will not brook of any delay.

Waiting has made the patient progressively worse.

The SEC hearing on Aug. 29 is an opportunity that should be pressed to advantage.

In our opinion any one, or any group may be heard, since the by-laws in question not only affect those in the securities business but all of the investing public.

This is the time for a strongly organized opposition composed of brokers, dealers, traders, salesmen, partners, officers, voluntary organizations and representatives of the general public, for if we have profit and commission limitations in the securities field it will pass into general commerce as a controlling principle.

The "Chronicle" will be pleased to co-operate with such an opposition, and place its facilities at the disposal of representative individuals and groups. Correspondence should be addressed to Editor, Commercial and Financial Chronicle, 25 Park Place, New York 8, N. Y.

Will Higher Minimum Wage Law Help Labor?

(Continued from page 826)

al spread between the wages of the skilled and unskilled. In general this spread is approximately equal to the difference in the economic value of their services. Therefore if this bill is passed and the minimum wage is raised from the present 40¢ standard of the Fair Labor Standards Act of 1938 to 75¢, an increase of about 88%, then all classes of labor would have strong justification for asking for a similar increase in their prewar wage rates.

This quite naturally appeals to them and so this Act is warmly supported by labor as they firmly believe that increases in their wage rates, for the same or even a smaller volume of output, will not only give them a higher standard of living but will also stimulate the volume of sales and create more jobs.

The Act will likewise be supported by a large number of people in all walks of life who believe in the soundness of Senator Pepper's thesis, and also many others whose warm hearts naturally lead them to support any measure which appears to be of benefit to the low income classes.

I will yield to no one in the extent of my sympathetic interest in the economic welfare of labor but I am firmly convinced both by reason and economic history that if this proposed law is placed on the statute books it will not only fail to **increase** employment but will actually tend to **decrease** it. Furthermore it will not result in **higher** real wages for labor as a whole over a period of time but **lower** real wages. By real wages I mean the volume of goods and services which the weekly pay envelope will buy.

Mr. Mullins: Mr. Hastings, that is certainly a challenging statement. Will you explain how you reach the conclusion that arbitrarily raising wage rates will tend to decrease rather than increase employment?

Mr. Hastings: To answer this fully would require much more time than I have available but I will try and make clear the basic principles involved.

If an employer is forced to raise his wage rates by law and the worker is no more productive than he was before, then it will evidently increase the cost of production per unit of output. This is self-evident. Now, both reason and a study of prices show that the competitive market price of a product is determined by the bulk-line cost of production. In other words market price is not equal to either the cost per unit of output of the most efficient producer nor the cost of the least efficient producer, but rather it is a price in between these two extremes which will cover the costs of producing the bulk of the output.

Consequently, if the costs of production for **all** producers, and therefore the bulk line cost of production, is arbitrarily raised by law, then, sooner or later, market price is certain to rise. Now let us see where this will lead us in the matter of the total purchasing power of all consumers and therefore total employment.

To be sure, the particular workers whose wages have been raised by law can buy more goods even at the higher prices. But the extra dollars which they find in their pay envelopes have in reality come out of the pay envelopes of the consumers of that product. Therefore the consumers can buy less of that product or of other things than they formerly could buy. In other words the increase in the purchasing power of those whose wages have been raised has come out of the purchasing power of others and it doesn't make a particle of difference on the total demand for goods and services whether these other people were formerly spending their money for consumers goods or investing it and therefore having it used to buy capital goods.

Even if prices were not initially raised as the result of the higher wages it would still not result in increased buying power for the country as a whole. Increased dollars in the pay envelopes of those whose wages had been raised would then come out of the profits of the owners of business and industry. Therefore, the purchasing power of the owners of business and industry would be reduced by the same number of dollars you have added to the purchasing power of the favored workers. Thus, the total number of dollars spent for goods and services would not be increased, and therefore there would be no increase in employment.

In reality it is a very simple proposition when you stop to think of it. You cannot possibly add to the total buying power of the nation by taking away purchasing power from one group of people and handing it to others.

Mr. Mullins: This is certainly very interesting. I think you have given the fundamental reasons why purchasing power, and therefore employment, will not be **increased** as the result of raising wage rates by law, but a minute ago you said that employment would thereby tend to be **decreased.** Will you not please explain this second part of your statement?

Mr. Hastings: Yes, I will try to do so briefly but clearly.

Perhaps a simplified case will clarify this general idea.

Supose we picture a small self-sufficient community in which there are $100 in circulation and let us assume that every dollar is spent once a day in the market place thus making the total volume of daily sales $100. Let us further assume that all articles are priced at $4 per unit. Therefore 25 units will be sold daily.

Now let us assume that the local government forces all employers to increase their wage rates to an amount which will make it necessary to advance prices to $5 per unit. With $100 being spent daily only 20 units can **now** be sold as against 25 units when the prices were $4 per unit, and approximately 20% of the workers will be thrown out of a job. This is simple arithmetic.

Therefore higher prices which are almost invariably the result of arbitrarily increased wage rates will inevitably tend to produce unemployment not only in the industries paying these higher rates but also in other industries, and this unemployment would be largely concentrated among the least efficient workers. They are the first to be laid off because of their relative inefficiency and they are the very ones that this proposed law is supposed to help.

Furthermore if this bill is enacted, it seems almost certain to result in correspondingly higher wages all along the line. If so the resulting unemployment would tend to be very severe at all levels of skills, unless this tendency were temporarily overcome by an inflationary boom. Such a boom might prevent unemployment for a short time as it did in 1919 and part of 1920, but the inevitable collapse of a boom would bring even greater losses to all.

Mr. Mullins: I believe you also claimed, Mr. Hastings, that the operation of this Act over a period of time would result in lower real wages—or in other words, a lower standard of living — for labor as a whole. Would you expand on this statement?

Mr. Hastings: Yes, Mr. Mullins, I will be glad to.

As I stated a few minutes ago, any such marked increase in minimum wages as is contemplated under this Act would be certain to touch off a whole series of wage increases all along the line. In fact organized labor announced some time ago that it was going out to secure wage rates which would be markedly higher than the present rates and far higher than pre-war rates.

Now the certain result of moving up wages all along the line is that prices will quickly follow suit as the result of the higher costs of production. Witness the recent increase of a dollar a ton in the price of anthracite coal as the result of raising the pay of the miners. Higher prices are certain to result in a demand to increase wages still more in order to compensate for the rise in the cost of living, and so on in a vicious spiral. The result is disastrous for labor as a whole as far as real wages are concerned because wage increases for labor as a whole always lag behind increases in the cost of living. This has always been true regardless of whether arbitrary wage increases have been secured by collective bargaining or through some governmental agency. To be sure, those whose money wages are increased the quickest and the most will gain in their real wages but their gains are largely at the expense of other workers whose wage increases are made at later dates and often in smaller amounts. The invariable record of history is that increases in wage rates for labor **as a whole** always lags behind rising prices whether the initial rise in prices was the result of higher wages or was caused by other factors. In other words, the real wages for labor as a whole always decline in a period of rising prices. Only a few of the more aggressive and powerful unions can advance their wages faster than the rise in the cost of living and even then some of them lose out because the higher price for the product of their labor reduces sales and therefore throws some of them out of their jobs.

A second way in which labor as a whole loses out if prices keep moving up is that it destroys more and more of the purchasing power of their savings, whether these savings are put into savings banks, insurance policies or into retirement benefits under the Social Security Act. They may now have in prospect a dollar income which at the present price level would carry them along in reasonable comfort after they reach retirement age. If, however, the cost of living is materially higher at that time they will be forced to turn to public or private charity for help. Self-respecting workers will be loath to do this and it would be a great economic and social injustice if we force this humiliation upon them.

Finally the wage earners always suffer from a rising price level in that all endowed institutions, such as hospitals, schools, colleges, and many other private organizations which provide either free or partially free service to the lower income groups, can no longer afford to render the same volume of service.

Let me therefore say in conclusion that both logic and a study of economic history shows that this proposed 75¢ minimum wage bill would certainly lead to a very much higher level of prices and that this would be disastrous to labor's interest in full employment and the preservation of the buying power of their wages and savings. It would also result in grave economic injustices to literally millions of other citizens, particularly those in the lower salary and income brackets. A few might reap some temporary gains but it would end in severe economic losses and suffering for virtually all of us, particularly those whom the act is supposed to benefit.

OPA's Post V-J Day Program

(Continued from page 832)

"Very likely during the next few months, as during the winter of 1919, buying of some items may slow down while workers are shifting from war work to peacetime jobs. Temporarily this may cause some prices to ease downward. Just at that stage many people may feel as they did after the Armistice in 1918, that all danger of inflation has passed. Danger, however, will hang over us until reconversion is in high gear and goods are flowing freely. If we allow ourselves to be deceived by a temporary lull, and if we relax our vigilance we may well lose at the very last moment the basis for a sound post-war prosperity.

"Our program during the next six months must be a skillful combination of firm courageous control in those areas where they are needed to curb inflation, together with flexibility, speed, relief from individual hardships, and prompt de-control when there is a safe balance between supply and demand.

"We all are weary of the restraints and restrictions and controls that have been necessary during the war period and we are not going to continue any control for control's sake, but we are going to keep a firm grip on controls that are essential to hold down the cost of living and hold down business costs."

Mr. Bowles outlined the five steps OPA is going to take:

"1. We are going to keep the lid on food prices. For nearly every American family the biggest single item of living expense is food. I think the least that the stabilization program must assure every family is that food prices will not move up.

"2. Many clothing prices are too high. However, as a result of the Government's clothing program, more and more low-priced clothing is beginning to show up in the stores. I am confident that the benefits of the clothing program can soon be spread more widely. The end of the war will sharply increase civilian supplies of most textiles. In addition, the President has ordered the allocation of scarce materials necessary for the production of low-priced items, which are essential to the continued success of the stabilization program.

"As a result I think we can be reasonably assured of a rapid improvement in the quantity and quality of clothing on the market, particularly for women and children, during the next six months, and the price is going to be right.

"3. Final victory makes machines, workers, and materials available for rapid return to the mass production of automobiles, refrigerators, vacuum cleaners, washing machines, electric irons, and many other things, which we have not been making since 1942. People who have been doing without these necessities for a long time are entitled to the opportunity of buying them at prices they can easily afford. The workers who are going to make them are equally entitled to good wages at peacetime jobs. Business is certainly entitled to expect a fair profit on a good volume of production. All these objectives can be met under our reconversion pricing policy and most of the products will come back on the market at or close to 1942 retail prices.

"Our pricing policy must be flexible. Above everything else it must be administered with speed and efficiency. Business, large and small, must be relieved of all unnecessary red tape. To help accomplish this reconverting, firms doing under $200,000 worth of business a year will operate under automatic pricing procedures.

"Individual adjustments for companies both large and small must be made to fit unusual conditions.

"For speedy handling, fully 90% of all individual firm price adjustments will be delegated from Washington to our field offices. Procedures will be streamlined so fas as feasible.

"4. Families who live in rented dwellings must be protected against any unnecessary inflation of rentals. Millions of workers are going to be looking for new places to live. Returning veterans and their wives will need houses or apartments while they are getting re-established in their civilian lives. To safeguard their futures we are going to hold rent controls firmly until tenants have the opportunity to bargain with their landlords as they did before the war. We will be able to lift area rent controls section by section as soon as there are enough dwellings in each area to satisfy the demand for living quarters.

"We have been alarmed by the growth in the number of workers who have been evicted from their homes on flimsy pretexts. Soldiers' wives have been told by their landlords that they either had to buy the home at inflated prices or get out. These unfair practices must be halted at once. They have added one more great measure of insecurity in the lives of too many people.

"We are determined to take vigorous action to put a stop to trumped up, heartless evictions. We have called in the real estate trade for immediate consultation to consider particularly changing the period required for notice of eviction from 90 days to six months. A specific program putting our plans into action will be released in about two weeks.

"Our forthcoming program of dollar-and-cent prices on many building materials and services will help landlords to maintain and build dwellings at costs that will keep present rentals profitable. This program will also help keep rentals from being forced to abnormally high levels from which they would have to crash later.

"Our building cost control program will also protect millions of soldiers and war workers who have been dreaming of building a home of their own. This program will help city and state governments provide schools, hospitals, health centers, and public buildings at reasonable costs to taxpayers. It will help keep tax rates and public debt burdens down.

"5. In our effort to hold down the costs of food, clothing, reconversion goods, and rentals during the transition period, we want as few rules and regulations as possible. All unnecessary restrictions will be weeded out. But the rules that stay to guide us through this dangerous period must be vigorously enforced. Let there be no misunderstanding of OPA's intention to vigorously enforce the price and rationing controls as long as they are on the books. If we did anything less, we would be denying the public the safeguards which the stabilization program promises. If we did not see to it that black marketeers are rounded up and given stiff jail sentences, honest business men would be denied their rightful protection from unscrupulous competitors. Our enforcement actions will be stepped up to the limit of our manpower, and the weight of our enforcement will be shifted to price control as we are able to drop rationing programs one by one. The Attorney General has told me that OPA will receive the fullest support of his office in carrying out its enforcement program."

In describing the OPA's position, the Price Administrator said that "above everything else we must not be blind to the tragedies of the economic disaster which followed the end of the last war. At that time a brief business lull fooled us all. The few controls we had on prices in 1918 were ripped off indiscriminately.

"Within a period of a few months, however, prices and operating costs began to rise more rapidly than during the war. A scramble for inventories by stores and factories was followed by a wild rise in prices. Industrial costs became unpredictable and living costs nearly doubled. By mid-1920 we reached a place where people could not buy goods produced at inflated costs and offered for sale at inflated prices. Then, only 18 months after the end of the last war, markets crashed and production nose-dived.

"The catastrophe carried more than 100,000 business firms into bankruptcy, 453,000 farmers lost their homes through foreclosures. Payrolls dropped 44%. Five and one-half million workers lost their jobs.

"For the sake of our democracy we cannot go through another such disaster. We need not, if all of us together approach the problems soberly and constructively.

"During the next few weeks sharp cutbacks in military requirements will mean a severe shock to our economic system. Many war workers will be temporarily laid off. Purchasing power may temporarily diminish. Some prices will tend temporarily to sag below present levels. But the dangers of inflation will still lurk in the seriously depleted inventories and the unfulfilled shortages created during the war—shortages which will continue in many fields for months to come.

"More than $300,000,000,000 of liquid assets still hang over us as the greatest potential inflationary danger this country has ever faced. Retooling and new production will place billions of dollars in the hands of consumers in advance of the new goods they are producing. Until the production of scarce goods can match this huge pent-up demand, we dare not relax our vigilance against the danger of inflation."

Dealer-Broker Investment Recommendations and Literature

(Continued from page 832)

Dunningcolor—Descriptive circular—J. F. Reilly & Co., 40 Exchange Place, New York 5, N. Y.

Also available is a memorandum on **International Detrola.**

Elk Horn Coal Corporation and **Lawrence Portland Cement Co.**—Report on attractive possibilities for price appreciation in these two industrials—Morris Cohon & Co., 42 Broadway, New York 4, N. Y.

Florida—Bulletin of pertinent data on the State of Florida—Allen & Company, 30 Broad Street, New York 4, N. Y.

Fort Pitt Bridge Works—Memo on attractive outlook — Strauss Bros., 32 Broadway, New York, N. Y.

Franklin Railway Supply Co.—Analysis—W. J. Banigan & Co., 50 Broadway, New York 4, N. Y.

General Industries Co.—Recent report — **Mercier, McDowell & Dolphyn,** Buhl Building, Detroit 26, Mich.

Also available a report on **National Stamping Co.**

Gro-Cord Rubber Company—Statistical memorandum on post-war outlook—Caswell & Co., 120 South La Salle Street, Chicago 3, Ill.

Hajoca Corp.—Circular on interesting possibilities—Hoit, Rose & Troster, 74 Trinity Place, New York 6, N. Y.

Also available is a memorandum on **Thermatomic Carbon Co.** and a new analysis of **Panama Coca-Cola.**

Interstate Co.—analytical study —Kneeland & Co., Board of Trade Building, Chicago 4, Ill.

Also available a detailed report on **United Brick & Tile Company.**

Kingan Company — Descriptive circular—**C. E. de Willers & Co.,** 120 Broadway, New York 5, N. Y.

Also available is a memorandum on **Macfadden Pub. Inc.** and **Sterling Engine.**

Libby, McNeill & Libby—Interesting possibilities for semi-investment and speculation—Herzfeld & Stern, 30 Broad Street, New York 4, N. Y.

Long Bell Lumber Co.—detailed brochure for dealers only—Comstock & Co., 231 South La Salle Street, Chicago 4, Ill.

P. R. Mallory & Co., Inc.—Analytical discussion — **Steiner. Rouse & Co., 25 Broad Street, New York 4, N. Y.**

Midland Realization and **Midland Utilities Common**—Memorandum—Doyle, O'Connor & Co., Inc., 135 South La Salle Street, Chicago 3, Ill.

Midland Utilities and Midland Realization Company—A study of Values and Distribution, prompted by consensus of opinion pointing to near-term liquidation of utilities and realization companies—Fred W. Fairman & Co., 208 South La Salle Street, Chicago 4, Ill.

Also available are brochures and statistical information for dealers on **Garrett Corporation** and **Magnavox Company.**

Nashawena Mills—Circular—Du Pont, Homsey Co., Shawmut Bank Building, Boston 9, Mass.

National Paper & Type—Descriptive memorandum—Buckley Brothers, 1529 Walnut Street Philadelphia 2, Pennsylvania.

Also available are memoranda on **Eastern Corporation.**

National Radiator Co.—Analysis, for dealers only—**C. E. Unterberg & Co.,** 61 Broadway, New York 6, N. Y.

National Terminals Corporation —circular—Adams & Co., 231 South La Salle Street, Chicago 4, Ill.

Also available is a memorandum on **Howell Electric Motors** and **American Service Co.**

New Amsterdam Casualty Company—detailed brochure — Huff, Geyer & Hecht, 67 Wall Street, New York 5, N. Y.

Also a memorandum discussing how **Prospective Tax Changes Great Investment Opportunities.**

New England Lime Co.—Circular—Dayton Haigney & Company. 75 Federal Street, Boston 10, Mass

New England Public Service Co. —Analysis—Ira Haupt & Co., 111 Broadway, New York 6, N. Y.

Pittsburgh Railways — Current study—**First Colony Corporation** 70 Pine Street, New York 5, N. Y

Public National Bank & Trust Company—Second quarter analysis—for dealers only—**C. E. Unterberg & Co.,** 61 Broadway, New York 6, N. Y.

Purolator Products, Inc.—Study of outlook and possibilities—Ward & Co., 120 Broadway, New York 5, N. Y. Also available are late memoranda on:

Great American Industries; Electrolux; Brockway Motors; Scovill Mfg.; Alabama Mills, Inc.; American Hardware; Douglas Shoe; Southeastern Corp.; Detroit Harvester; Bowser, Inc.; Mohawk Rubber Co.; TACA Airways; American Window Glass; Continental Aviation & Eng.; Michigan Chemical.

Schenley Distillers Corporation —Brochure of articles they have been running in the Chronicle—write to Mark Merit, in care of **Schenley Distillers Corporation,** 350 Fifth Avenue, New York 1, N. Y.

Simplex Paper Corp.—report—White, Noble & Co., Michigan Trust Building, Grand Rapids 2, Mich.

Stromberg Carlson Company—memorandum—Kitchen & Co., 135 South La Salle Street, Chicago 3, Ill.

U. S. Air Conditioning common —circular—George F. Breen, 20 Pine Street, New York 5, N. Y.

Vacuum Concrete Corp.—memorandum for dealers only—Pulis, Dowling & Co., 25 Broad Street, New York 4, N. Y.

Wellman Engineering Co.—Descriptive circular — Simons, Linburn & Co., 25 Broad Street, New York 4, N. Y.

Also available is a circular on **Fashion Park, Inc.**

Wellman Engineering—descriptive memorandum — Wm. J. Mericka & Co., Union Commerce Building, Cleveland 14, Ohio.

Winters & Crampton—Up-to-date analysis on current situation —First Colony Corporation, 70 Pine Street, New York 5, N. Y.

Truman Congratulates Barkley as Senate Leader

Senator Alben W. Barkley (D.-Ky.), on July 27, the eighth anniversary of his service as Senate majority leader, received a letter from President Truman congratulating him on this tenure of service and on his 33 years in Congress. The following is the text of the letter which the President sent to Mr. Barkley, who was elected majority leader in 1936 upon the death of Senator Joe T. Robinson whom he succeeded, which was made public by the White House and quoted in a Washington dispatch from the Associated Press:

"Dear Alben:

"Today marks the eight anniversary of your service as majority leader of the Senate. I understand that this is twice as long as any of your predecessors have served. These years have been eventful ones. They have been years of great moment to the United States and to the world.

"In all of the recent events which have meant so much in shaping the future of our civilization you have played an important and effective role. Not only have you helped to fulfill the ideals and principles of our party, but you have been willing and anxious to lay aside all semblance of partisanship or desire for party advantage whenever the welfare of our nation required it.

"I congratulate you on your past service as majority leader, and, also on your 33 years of service in the Congress. The nation is grateful to you for your patriotic share in the accomplishments of these years, and I know that the years to come will be equally fruitful.

"With all best wishes for your continued health and success from your old friend. Very sincerely yours,

"HARRY S. TRUMAN."

Attacks the Full Employment Bill

The Guaranty Trust "Survey" Says It Would Drastically Alter the Relationships Between Government and Business and Calls Attention to Dangers of Continuing Government Deficits That Might Result if Bill Is Enacted.

Seldom, if ever, has a legislative proposal so sweeping in character and so inadequately supported by business experience as the pending Full Employment Act of 1945 gained such strong adherence in influential quarters in so short a time and with so little public discussion. This measure, if enacted into law, would drastically alter the relation between government and business in the United States. It would place upon the Federal Government the explicit and continuing responsibility for the aggregate volume of employment and unemployment, states the Guaranty Trust Company of New York in the current issue of "The Guaranty Survey," its monthly review of business and financial conditions in this country and abroad, published July 31.

"It seems clear that a proposal of this kind should not be adopted without far more careful public consideration of its underlying nature and its possible consequences than has yet been given them," "The Survey" continues. "The Full Employment Bill provides for a 'National Production and Employment Budget' to be transmitted by the President to Congress at the beginning of each regular session and covering the next succeeding fiscal year or such longer period as the President may deem appropriate. This budget is to set forth the estimated size of the labor force, the estimated amount of private and public investment and expenditure required to provide full employment for the labor force, and the estimated amount of such expenditure in prospect. The amount, if any, by which the estimated amount of prospective investment and expenditure falls short of the estimated amount required to assure full employment is to be regarded as a prospective deficiency in the budget.

"When such a deficiency occurs, the President is to set forth in the budget a general program for encouraging such non-Federal investment and expenditure as will prevent the deficiency to the greatest possible extent. If such measures of encouragement are deemed insufficient to provide full employment, the President is to transmit a general program for Federal investment and expenditure sufficient to bring the aggregate amount of Federal and non-Federal investment and expenditure to the required figure. A joint Congressional committee is to study the budget and report its findings and recommendations. The President is to ascertain quarterly the extent to which changes in Federal investment and expenditure may be warranted, and the rate of such investment and expenditure may be varied in such manner as the President may deem necessary to assist in assuring full employment.

Limitations of Public Spending

"The experience of recent years certainly does not support the theory that budgetary deficits have an inherent tendency to promote prosperity and budgetary surpluses a tendency to create depression. During the nineteen-twenties, when the Federal budget showed a consistent surplus and the public debt was reduced at an average rate of approximately a billion dollars a year, business in the United States enjoyed a period of unprecedented prosperity. In the nineteen-thirties the experience was reversed; an uninterrupted series of annual Treasury deficits was accompanied by persistent depression.

"Governmental spending during that period unquestionably provided jobs temporarily, but it completely failed to lay a foundation for jobs in private business without public support. Every increase in employment following a burst of Government spending gave way to renewed unemployment as soon as the spending stopped. And it is an open question whether, even from the short-term point of view, the policy of 'compensatory spending' did not destroy more employment than it created, by leading workers to depend on public largess instead of private jobs and by confronting the people with the disquieting spectacle of a series of Treasury deficits larger in the aggregate than those during the first World War.

"Experience has shown further that public spending cannot be treated merely as an economic instrument. It is also a political factor of the highest importance. It provides patronage and attracts votes. A supposedly temporary spending program undertaken for an economic purpose tends to develop into a permanent political mechanism for perpetuating the bureaucracy in power. Even if such a program could be relied upon (as it cannot) to restore prosperity, it could not be depended upon to cease when its original purpose was accomplished.

"Wartime experience has been cited by proponents of the plan as evidence that government spending can create employment opportunities on any desired scale. This is undoubtedly true, provided the spending is large enough. But it is unlikely that even the most enthusiastic supporter of the proposal would seriously maintain that public spending on a scale at all comparable with that practiced during the war could be carried on in time of peace as part of a permanent economic program with any prospect other than that of financial ruin. In the nineteen-thirties, spending at a rate that increased the national debt by more than $30 billion in less than nine years proved insufficient to take up the employment slack. In August, 1939, just before the outbreak of the war, the number unemployed in the United States was estimated by the American Federation of Labor at 10.14 million, as against 6.84 million at the end of 1930.

Danger of Government Guarantee

"Perhaps the most dangerous feature of the proposal is its assumption of the Government's responsibility to guarantee employment. Jobs are given by private employers, and the number of jobs available at any time depends on a large and complex set of conditions over which no one in a free society has control. As soon as, and to the extent that, such control is undertaken, the society ceases to be free. A government of limited powers is not in a favorable position to guarantee employment.

"The conclusion seems inescapable that full employment cannot be guaranteed in a free society. Nothing short of a complete dictatorship would be in a position to undertake that responsibility. A democratic government charged with such a burden would find its powers unequal to its task and tend inevitably toward authoritarianism. One of the outstanding British advocates of the general idea concedes that price control would probably be an inevitable consequence of a full-employment policy; that private as well as public investment would have to be regulated by governmental authority; that control over the location of industrial plants would be a central requirement; that 'organized mobility' of labor would have to be maintained; and that such civil liberties as the right to choose new public officials and alter public policies, freedom in the choice of occupations and in the management of personal incomes, and the right of labor to bargain collectively and to strike could not be exercised 'irresponsibly.' In the aggregate, these restrictions, together with others that would be found corollary to them, would leave very little of the 'free society' that most supporters of the plan profess themselves eager to preserve.

"To say that full employment cannot be guaranteed is not to say that it cannot be substantially achieved. There will undoubtedly be periods of business depression and unemployment in the future, as there have been in the past. Such periods, however, have always heretofore given way to new eras of growth and prosperity, in which the people, under the stimulus of competition and opportunity, have attained ever higher levels of economic welfare. No convincing evidence has ever been produced to support the belief that some force has appeared to make business inherently incapable of self-generated recovery. There is a widespread conviction among business men that in recent years no adequate opportunity for such recovery has been given.

"The necessity of preventing serious hardship in times of large unemployment is beyond question, and the national Government must provide such aid as private and local public agencies cannot supply. But the aid should be extended as economically as possible, should be paid for as largely as possible from current revenue, and should not be on such a high scale as to leave workers no incentive to seek employment in self-sustaining trade and industry. The belief that the Government can and should permanently maintain a predetermined volume of aggregate employment by fiscal manipulations is, at best, an untried hypothesis; and to make the guarantee of such employment the basis of a permanent policy, with public credit and the soundness of the national currency among the ultimate stakes, would be to invite disaster."

Tomorrow's Markets Walter Whyte Says—

(Continued from page 830)

nuclear theories alone, the single fact remains that the market did go down and left a lot of people wondering what to do next. Digressing from the market for a couple of paragraphs and taking a peek at the future, as I know it, we realize that the post-war world is no longer a dream. It's here. And it's not cheerful.

* * *

Widespread unemployment is no longer a theory, something we could lick with one hand. Unemployment is growing daily like a snowball rolling downhill. And we are not solving it. We all speak glibly about reconversion. We spoke just as glibly about M Day. When that would come, we heard and read, industry would pitch in and in no time everything would be rolling. Well, things didn't work out that way. The war machine wasn't built overnight. Now we hear and read the same thing about reconversion. In no time, we are told, automobiles, refrigerators, etc., will be rolling off the assembly lines. Meanwhile the purchasing power of the customers waiting to buy all these things is daily being cut.

It seems easy to find a convenient whipping boy to blame all this on. But it isn't any single factor which is involved here. It's a combination of all sorts of factors brought on by the end of the war.

If you insist on blaming something, better try Congress. The war has been over for more than a week (at least hostilities have officially ceased), and our lawmakers are still in recess instead of getting on the job.

* * *

The market, being completely realistic about things it can understand, apparently doesn't care for the picture it sees. Last Friday, the first session after V-J, it didn't seem disturbed too much. It had a couple of nervous moments, but that was about all.

It wasn't until after a few hours of Monday's tape had streamed past the ticker that it began to change its outlook. The worst offenders were the rails. It's true they held a stale long position, but even that couldn't have accounted for all the selling you saw. Frankly I don't know what did cause the selling. And I don't know if its important. Because the only facts I have are that the two rails we held were stopped out with losses. I don't like these losses any more than you do. But there is no balm in mulling it over. It is done.

On the other hand, while the rails were running like scared rabbits, the industrials managed to firm and advance from their low points. But while the situation at this writing has improved it is far from reassuring. A few of the steels, for example, came too close to critical levels for comfort. This is being written on a Tuesday; if by Friday, Aug. 24, prices are not at least two points above Monday's lows, it would be advisable to get out and let somebody else play with 'em for a while. For, despite official assurances to the contrary, the danger of a wide open break can't be minimized.

You still have A. M. Byers at 19, currently 18. Stop remains at 16. If it does not cross 20 by Friday get out. Jones & Laughlin was bought at 35; stop is 33. Current price 34. It should be across 36 in the next few days, otherwise it is no longer attractive. White Motors at 29½, stop 28, is now at 30. It should be across 32 by Friday. Steel at 56, stop 65, was saved by a fraction. Stock should cross 67. Paramount, last week's recommendation, at 29½-30½, sold down to 30½. Hold it with a stop at 28½. But like the others this one also should start moving up. If it doesn't cross 31½ by Friday, give it back and let somebody else do the worrying.

* * *

More next Thursday.

—Walter Whyte

[The views expressed in this article do not necessarily at any time coincide with those of the Chronicle. They are presented as those of the author only.]

Urges German, Japanese and Italian Industry Be Put to Work to Pay Off Reparations Claims

The establishment of international bodies to control imports, production and exports of the goods of all enemy countries was advocated on Aug. 18 at London by Eugene P. Thomas, President of the National Foreign Trade Council. The views of Mr. Thomas, who was present in London as a delegate to the first meeting of the International Chamber of Commerce Council since the outbreak of the war, were made known in an interview, according to special London advices to the New York "Times," which also stated that a suggestion that German, Japanese and Italian industry be put to work to supply the world with goods needed for rehabilitation and that the profits from such commerce be pooled to pay off reparations claims against the countries was proffered by Mr. Thomas. From the "Times" account of his proposals, we also quote:

Under Mr. Thomas' plan the difference between production costs in Italy, Japan and Germany and those of Allied nations would represent the "profits" of the three nations. Allied control officers would add the difference between home production costs and world market prices to the quotations at which the products of enemy nations would be exported. The difference would be pocketed by the Allies as reparations.

"The bases upon which the economies of enemy countries may be re-established," he continued, "should take into consideration the possibility of assessment, by way of partial reparations, of a proportion of the value of the exports which will be permitted. Such penalties, adjusted as to various commodities and quantities and countries of destination, would serve to offset the ability of such low-cost producers as Germany, Italy and Japan to flood the world with their surpluses of production.

"It would supplant the vicious processes of the compensation marks system and bilateral barter agreements which Germany imposed before the war and absorb the subsidy system under which she forced her surpluses on markets dependant upon her.

"Other countries which have been starved during enemy occupation will also be potential low-cost producers and in conformity with plans for the control of enemy countries should be brought within the scope of inter-Allied control of such international trade as would be disastrously affected by unrestricted 'law-of-the-jungle' competition.

Mr. Thomas conceded that application of his program involved the operation of governmental cartels, for a temporary period at least, but added that he believed the scheme would work satisfactorily and that governmental influence would be removed by gradual stages.

Calendar Of New Security Flotations

OFFERINGS

CUDAHY PACKING CO. on July 28 filed a registration statement for 100,000 shares of 4½% cumulative preferred stock ($100 par).

Details—See issue of Aug. 2.

Offering—Holders of the 74,720 outstanding shares of 6% and 7% cumulative preferred stock may exchange their stock on a share for share basis for the new preferred, with a cash adjustment. Shares of the new stock not issued under the exchange offer together with the remaining 25,280 shares are to be sold to underwriters.

Underwriters—Goldman, Sachs & Co. is named principal underwriter.

Offered Aug. 21 at 100 per share and dividends.

J. J. NEWBERRY CO. on July 30 filed a registration statement for 100,000 shares of 3¾% preferred stock (par $100).

Exchange—Holders of 50,986 shares of series A 5% preferred have the right to exchange such stock for similar amount of new preferred until Aug. 25.

Details—See issue of Aug. 2.

Underwriters—Kidder, Peabody & Co. heads the underwriting group.

Offered Aug. 21 at 101.50 per share and dividends.

NEW FILINGS

List of issues whose registration statements were filed less than twenty days ago, grouped according to dates on which registration statements will in normal course become effective, unless accelerated at the discretion of the SEC.

THURSDAY, AUG. 23

LANE BRYANT, INC., has filed a registration statement for 42,526 shares of 4½% cumulative convertible preferred stock (par $50) and 70,876 shares of common to be reserved for conversion of the preferred.

Details—See issue of Aug. 9.

Offering—The company is offering 12,312 shares of the new preferred in exchange for 7% preferred outstanding on the basis of two shares of 4½% preferred for one of 7% preferred with a cash adjustment on dividends. The balance will be offered to holders of common stock at the rate of one share of preferred for each six shares of common. The subscription price will be filed by amendment. Although all of the 42,526 shares are to be offered to common stockholders, the holders of 73,872 shares of common waived their preemptive rights in order to permit the exchange offer to preferred stockholders.

Underwriters — Merrill Lynch, Pierce, Fenner & Beane is the principal underwriter.

ARIZONA POWER CO. has filed a registration statement for 12,000 shares of 5% cumulative preferred stock, par $100. The shares constitute all of the issued and outstanding preferred shares and are being sold by James C. Tucker, President and Director, the founder of the company.

Details—See issue of Aug. 9.

Offering—The price to the public will be filed by amendment.

Underwriters—Central Republic Co., Inc., heads the underwriting group.

SATURDAY, AUG. 25

CONSOLIDATED BISCUIT CO. has filed a registration statement for 60,000 shares 4½% convertible cumulative preferred stock, par $20.

Details—See issue of Aug. 9.

Offering—The offering price to the public is $20 per share.

Underwriters—The principal underwriters are F. S. Yantis & Co., Inc., and Dempsey & Co., both of Chicago.

MONDAY AUG. 27

SUN-KRAFT, INC. on August 8 filed a registration statement for 100,000 shares of 30-cent cumulative convertible preferred stock and 200,000 shares of common reserved for conversion of the preferred.

Details—See issue of Aug 16.

Offering—The price to the public is $5 per share. In addition to the 90,000 shares which are to be offered to the public, 10,000 shares of the preferred are to be issued by the company to the estate of Eben D. Norton in exchange for 100,000 shares of common stock owned by the estate. These 100,000 shares of common are to be retired and cancelled.

Underwriters—Floyd D. Cerf Co. is named principal underwriter.

BROCKWAY GLASS CO., INC., on Aug. 8 filed a registration statement for 10,000 shares of 5% cumulative preferred stock, par $50.

Details—See issue of Aug. 16.

Offering—The price to the public is $50 per share. The company will offer the securities to the residents of the City of Muskogee, Okla., and others who are interested in the establishment of a glass plant by the company at Muskogee, as well as to persons living in the vicinity of Brockway, Pa.

Underwriters — There are no underwriters.

TUESDAY AUG. 28

CELOTEX CORP. on Aug. 9 filed a registration statement for $5,000,000 15-year 3¼% debentures and 100,000 shares of 5% cumulative preferred stock, par $20. The offerings of the debentures and preferred stock are independent offerings, which may but need not be made concurrently.

Details—See issue of Aug. 16.

Offering—The public offering price of the debentures and preferred stock will be filed by amendment.

Underwriters—Paul H. Davis & Co., Chicago, heads the underwriting group, with names of others to be filed by amendment.

JEFFERSON LAKE SULPHUR CO., INC., on Aug. 9 filed a registration statement for 167,000 shares of common stock, $1 par.

Details—See issue of Aug. 29.

Offering—The company is offering to the holders of its common stock of record on Sept. 3, 1945, the right to subscribe at $9.75 per share for additional shares on the basis of seven-tenths of one share for each share held. Subject to the prior rights of holders of subscription warrants, officers of the corporation, who are not directors, and employees will be entitled to subscribe to 21,287 shares at $9.75 per share.

Underwriters—D'Antoni & Co., New Orleans, is the principal underwriter.

WEDNESDAY AUG. 29

STANDARD FORGINGS CORP. on Aug. 10 filed a registration statement for 120,000 shares of common stock, par $1. The shares are issued and outstanding and are being sold by certain stockholders.

Details—See issue of Aug. 16.

Offering—The price to the public will be filed by amendment.

Underwriters—Shields & Co., Chicago, heads the underwriting group.

CENTRAL HUDSON GAS & ELECTRIC CORP. on Aug. 10 filed a registration statement for 445,738 shares of common stock. The shares are issued and outstanding and are owned by Niagara Hudson Power Corp.

Details—See issue of Aug. 16.

Offering—The shares are to be sold at competitive bidding and the price to the public will be filed by amendment.

Underwriters—To be filed by amendment.

ASHLAND OIL & REFINING CO. on Aug. 10 filed a registration statement for $5,000,000 20-year 3% sinking fund debentures due 1965.

Details—See issue of Aug. 16.

Offering—The price to the public will be filed by amendment.

Underwriters—The underwriting group is headed by A. G. Becker & Co., Inc., of Chicago.

THURSDAY AUG. 30

CONSUMERS POWER CO. on Aug. 16 filed a registration statement for $113,825,000 first mortgage bonds series due 1975. The bonds will be sold at competitive bidding and the interest rate will be named by the successful bidder.

Details—See issue of Aug. 16.

Offering—The price to the public will be filed by amendment.

Underwriters—The names will be filed by amendment.

GENERAL MILLS, INC., on Aug. 16 filed a registration statement for 100,000 shares of cumulative convertible preferred stock, par $100. The dividend rate will be filed by amendment.

Details—See issue of Aug. 11.

Offering—The company proposes to issue warrants to common stockholders of record Sept. 7, 1945, to subscribe at the rate of one share of the new convertible preferred for each 20 shares of common stock at a price to be filed by amendment. Warrents will expire at 3 p.m. Sept. 19, 1945.

Underwriters — The underwriters are Dillon, Read & Co., Inc., Allison-Williams Co., C. S. Ashmun, Cadwell Phillips Co., J. M. Dain & Co., Frank & Belden, Inc., Goldman, Sachs & Co., Hemphill, Noyes & Co., Kalman & Co., Inc., Kuhn, Loeb & Co., W. C. Langley & Co., Lee Higginson Corporation, Merrill Lynch, Pierce, Fenner & Beane, Park-Shaughnessy & Co., Piper, Jaffray & Hopwood, L. F. Rothschild & Co., Smith, Barney & Co., Union Securities Corporation, Watling, Lerchen & Co., Dean Witter & Co., Harold E. Wood & Co., and Woodard-Elwood & Co.

MINNESOTA POWER & LIGHT CO. has filed a registration statement for $26,000,000 first mortgage bonds due 1975. The bonds will be sold at competitive bidding and the interest rate will be named by the successful bidder.

Address—Duluth, Minn.

Business—Public utility.

Offering—The price to the public will be filed by amendment.

Proceeds—The funds received together with treasury cash in addition to the proceeds of $6,000,000 serial notes will be used to retire $10,700,000 first and refunding mortgage 5% bonds, series due 1955; $18,000,000 first and refunding mortgage 4½s, series due 1973, and $3,589,000 Great Northern Power Co. first 5s due 1950.

Underwriters—The names will be filed by amendment.

Registration Statement No. 2-5865. Form S-1. (8-11-45).

SATURDAY SEPT. 1

FABRICON PRODUCTS, INC., on Aug. 13 filed a registration statement for 28,960 shares of common stock, $5 par value. The shares are issued and outstanding and are being sold by five stockholders, including 18,960 shares by Lawrence O. Turner, President of the company.

Details—See issue of Aug. 16.

Offering—The price to the public is $25 per share.

Underwriters—Baker, Simonds & Co., Detroit, Mich.

VALLEY OSAGE OIL CO. on Aug. 13 filed a registration statement for 143,659 shares of class A stock. Of the shares registered 113,468 are being sold by the registrant and 30,191 shares are issued and outstanding and are being sold on behalf of the Thomas Gilcrease Foundation.

Details—See issue of Aug. 16.

Offering—The price to the public is $12.50 per share.

Underwriters—The underwriter is Gilcrease Oil Co. of Texas, 165 Broadway, New York, N. Y.

WEDNESDAY, SEPT. 5

LELAND ELECTRIC CO. has filed a registered statement for 25,000 shares of 5% cumulative convertible preferred stock (par $25) and 50,000 shares of common stock (par $3) and scrip for fractional shares.

Address—Dayton, Ohio

Offering—The price to the public will be filed by amendment.

Proceeds—To be used for working capital of subsidiary, the Hi Lec Co. and for new equipment, construction and plant rearrangement.

Underwriters—Otis & Co. and Curtiss, House & Co.

Registration Statement No. 2-5869. Form S-1. (8-17-45).

INDIANA GAS & WATER CO. has filed a registration statement for $6,000,000 first mortgage bonds due 1970. The bonds will be sold at competitive bidding and the interest rate will be named by the successful bidder.

Address—Indianapolis, Ind.

Business—Public utility.

Offering—The price to the public will be filed by amendment.

Proceeds—To purchase gas and water utility properties of the Public Service Co. of Indiana, Inc.

Underwriters—The names will be filed by amendment.

Registration Statement No. 2-5870. Form S-1. (8-17-45).

THURSDAY, SEPT. 6

WESTVACO CHLORINE PRODUCTS CORP. has filed a registration statement for 97,000 shares of $3.75 cumulative preferred stock, no par value.

Address—New York, N. Y.

Business—Manufacturers of industrial chemicals, etc.

Proceeds—Holders of the 89,840 outstanding shares of $4.50 and $4.25 cumulative preferred stocks will be afforded an opportunity to exchange their shares for the new preferred stock on a basis giving them the equivalent of the redemption value of their shares. A cash adjustment will be made in lieu of issuing fractional shares. Shares of the new preferred stock not issued under the exchange offer, together with 1,297 additional shares, will be offered publicly by the underwriters at a price to be supplied by amendment. Unexchanged shares of the $4.50 and $4.25 preferred stocks are to be called for redemption on or before Nov. 2.

Underwriters—F. Eberstadt & Co. are named principal underwriters.

Registration Statement No. 2-5871. Form S-1. (8-18-45).

SUNDAY, SEPT. 9

COLORADO MILLING & ELEVATOR CO. has filed a registration statement for 111,890 shares of common stock, par $1. The shares are issued and outstanding. The selling stockholders are Union Securities Corp. 101,890 shares, and Joseph H. King, a director, 10,000.

Address—Equitable Building, Denver, Col.

Business—Flour and feed, etc.

Offering—The price to the public is $13 per share. The underwriters are to receive $1.50 per share.

Proceeds—The proceeds go to the selling stockholders. The statement says the investment of Union Securities is approximately $1.92 per share with an aggregate gross profit of $975,745 to be received on the sale. The cost to Mr. King of the 10,000 shares amounted to $2 per share and his gross profit on sale would be $95,000.

Underwriters—The underwriters are Paul H. Davis & Co., Chicago, 45,270 shares; Hornblower & Weeks, New York, and Boettcher & Co., Denver, 33,310 shares each.

Registration Statement No. 2-5874. Form S-1. (8-21-45).

DATES OF OFFERING UNDETERMINED

We present below a list of issues whose registration statements were filed twenty days or more ago, but whose offering dates have not been determined or are unknown to us.

ACF-BRILL MOTORS CO. on June 30 filed a registration statement for 190,464½ warrants. The warrants are issued and outstanding and are being sold by American Car & Foundry Investment Corp.

Details—See issue of July 12.

Offering—The warrants entitle the holder to subscribe to the common stock of the company. The selling stockholder, American Car & Foundry Investment Corporation, proposes to offer the warrants for sale to the public commencing approximately Aug. 1, 1945, with the price to be determined from day to day by market sales of the warrants.

Underwriters—None mentioned.

ALLIED STORES CORP. has filed a registration statement for 200,000 shares of cumulative preferred stock, par $100. The dividend rate will be filed by amendment.

Details—See issue of Aug. 9.

Offering—The offering price to the public will be filed by amendment. It is expected that arrangements will be made with the underwriters whereby holders of the company's outstanding 5% preferred, par $100, will be afforded an opportunity to purchase the new stock by tendering their old stock in payment for the new.

Underwriters—The underwriting group is headed by Lehman Brothers.

ANCHORAGE HOMES, INC. on July 17 filed a registration statement for 505,000 shares of Class A capital stock, par $1, and 250,000 shares of Class B stock, par 10 cents.

Details—See issue of July 26.

Offering—There is to be presently offered to the public 250,000 shares of Class A and 50,000 shares Class B to be offered in units of 10 shares of Class A and 2 shares of Class B at a price of $60.20 per unit.

Underwriters—Andre de Saint-Phalle & Co., heads the underwriting group.

BROOKLYN BOROUGH GAS CO. on July 10 filed a registration statement for $3,640,000 first mortgage bonds due Aug. 1, 1970. The interest rate will be filed by amendment.

Details—See issue of July 19.

Offering—The price to the public will be filed by amendment.

Underwriters—The bonds will be offered for sale at competitive bidding and the names of underwriters filed by amendment.

BROOKLYN BOROUGH GAS CO. July 11 filed a registration statement for 15,000 shares cumulative preferred stock. The stock will be sold at competitive bidding and the dividend rate filed by amendment.

Details—See issue of July 19.

Offering—Price to public to be filed by amendment.

Underwriters—To be filed by amendment.

CENTRAL ELECTRIC & GAS CO. on July 30 registered 65,000 shares of 4.75% cumulative preferred stock, Series A, par $50.

Details—See issue of Aug. 2.

Offering—The company will offer the new 4.75% preferred in exchange for its presently outstanding 6% cumulative preferred stock on a share for share basis. The unissued shares will be sold to the underwriters who will offer them to the public at a price to be filed by amendment.

Underwriters — The underwriting group is headed by Paine, Webber, Jackson & Curtis and Loewi & Co.

CENTRAL OHIO LIGHT & POWER CO on Dec. 28 filed a registration statement for 11,972 shares of preferred stock, cumulative ($100 par). The dividend rate will be filed by amendment.

Details—See issue of Jan. 4, 1945.

Offering—Company proposes to invite proposals for services to be rendered to it in obtaining acceptances of the exchange offer of new preferred stock for old preferred and for the purchase from it of such of the 11,972 shares as are not exchanged pursuant to the exchange offer.

CHICAGO CONSUMERS COOPERATIVE, INC., has filed a registration statement for 17,500 shares of common stock, par $20.

Details—See issue of Aug. 9.

Offering—The price is $20 per share.

Underwriters — No underwriting. Sales will be conducted by members and officers to prospective members.

COLONIAL STORES INC. has filed a registration statement for 60,000 shares of cumulative preferred stock, 4% series, par $50.

Details—See issue of Aug. 9.

Offering—The company is offering to the holders of its 52,478 shares of 5% cumulative preferred the privilege of exchanging such shares for new shares on a share for share basis plus a cash payment. Any shares of the new preferred not issued under the exchange offer plus the 7,522 additional shares will be sold to the underwriters to be offered to the public at a price to be filed by amendment.

Underwriters—The underwriting group is headed by Hemphill, Noyes & Co., First Boston Corp. and Kidder, Peabody & Co.

COMMERCIAL CREDIT CO. on June 7 filed a registration statement for 250,000 shares of preferred stock ($100 par). Dividend rate will be filed by amendment.

Details—See issue of June 14.

Offering—Company is offering the holders of the 121,938 shares of 4¼% cumulative convertible preferred stock to exchange their stock, share for share, for the new preferred. The underwriters have agreed to purchase any of the 250,000 shares of preferred not issued in exchange for outstanding preferred. Company will call any of the old preferred at $105 per share plus accrued dividends.

Underwriters—Kidder, Peabody & Co and First Boston Corp. are named principal underwriters.

CONTAINER ENGINEERING CO. on June 15 filed a registration statement for 25,000 shares common stock (par $10).

Details—See issue of June 21.

Offering—Price to the public is given as $35 per share.

Underwriters—William L. Ullrich, St. Louis, will manage the sale of the entire issue.

COVENTRY GOLD MINES, LTD. on April 21 filed a registration statement for 333,333 shares of common stock.

Details—See issue of April 26.

Offering—Price to the public is 30 cents per share.

Underwriters—None named. The company proposes to market its own securities.

EVERSHARP, INC., on July 9 filed a registration statement for 32,500 shares of common stock, par $1. Shares are issued and outstanding and are being sold for the account of certain stockholders.

Details—See issue of July 19.

Offering—The price to the public will be filed by amendment.

Underwriters—Lehman Brothers heads the underwriting group.

GASPE OIL VENTURES, LTD., on May 8 filed a registration statement for 1,500,000 shares of common stock ($1 par) and 200,000 common share purchase warrants and 200,000 shares of common reserved for warrants.

Details—See issue of May 17.

Business—Exploration and development of oil wells.

Offering—Price to the public is 60 cents per share. The underwriter will receive purchase wararnts for the purchase of 2,000 shares of common for each 15,000 shares of common stock sold in the offering at a price of 45 cents per share.

Underwriter—Tellier & Co.

HAMILTON RADIO CORP. on July 27 filed a registration statement for 150,000 shares of its common stock, par $1, of which 100,000 shares are to be offered presently to the public and 50,000 shares reserved for the conversion of warrants, and 50,000 common stock purchase warrants.

Details—See issue of Aug. 2.

Offering—The common stock is being offered to the public at $5.75 per share. The common stock warrants entitle holder to purchase shares at $5.75 per share before Aug. 1, 1950. The company proposes to sell 30,000 of the warrants to underwriters, 15,000 to Adolphe A. Juviler, President and Treasurer, and 5,000 to Percy L. Schoenen, Vice President and Secretary, at 10 cents each.

Underwriters—Van Alstyne, Noel & Co. is principal underwriter.

HOUDAILLE-HERSHEY CORP. has filed a registration statement for $6,000,000 sinking fund debentures, due Sept. 1, 1960, and 190,000 shares of $2.25 cumulative convertible preferred, par $50.

Details—See issue of Aug. 9.

Offering—The public offering price of the debentures will be filed by amendment. Of the 190,000 shares of $2.25 preferred, 173,500 shares are to be offered by the company in exchange, on a share for share basis plus a payment of $5 a share to the company and with a cash adjustment of dividends, to holders of its outstanding Class A no par value stock. The remaining 16,500 shares and the unexchanged shares will be sold to the underwriters and offered to the public at a price to be filed by amendment. The $5 represents the difference betwen the par value of the new stock and the $45 redemption value of the Class A stock.

Underwriters—The underwriting group is headed by Paul H. Davis & Co. and Union Securities Co.

INTERNATIONAL FURNITURE CO. has filed a registration statement for $1,000,000 12-year 5% convertible sinking fund debentures, due Aug. 1, 1957, and 100,000 shares of common stock, par $1. The common shares are issued and are being sold for the account of Philip W. Pelts, who is described as president and sole share holder of the company.

Details—See issue of Aug. 9.

Offering—The public offering price of the debentures is 100 and of the common stock $8.25 per share.

Underwriters—Straus & Blosser, Chicago, is named principal underwriter.

MARICOPA RESERVOIR & POWER CO. on June 29 filed a registration statement for $3,343,500 4% income debentures due May 1, 1970, and $4,458 shares of common stock, no par.

Details—See issue of July 5.

Offering—Company is offering, to holders of $3,343,500 3% income bonds due Oct. 1, 1959, units consisting of $750 of 4% income bonds and one share of its common stock, in exchange for each $750 outstanding income bond, in connection with the plan of reorganization.

Underwriters—The Dunne-Israel Co.

MOHAWK PETROLEUM CORP. has filed a registration statement for 120,000 shares of common stock ($1 par). The shares are issued and outstanding and are being sold for the account of certain stockholders.

Details—See issue of Aug. 9.

Offering—The price to the public will be filed by amendment.

Underwriters—Blyth & Co., Inc.

MONONGAHELA POWER CO. on June 30 filed a registration statement for $22,000,000 first mortgage bonds, due 1975, and 90,000 shares of cumulative preferred stock, par $100. The interest and dividend rates will be filed by amendment.

Details—See issue of July 12.

Underwriters—The names of underwriters will be filed by amendment.

Bids Invited—Company is inviting bids for the purchase of the bonds and stock. Bids will be received up to 12 noon (EWT) on Aug. 22 at 50 Broad Street, New York City, the interest rate and dividend rate to be specified in the bids.

MONTANA-DAKOTA UTILITIES CO. on July 25 filed a registration statement for 223,351 4-6 shares of common stock (par $5).

Details—See issue of Aug. 2.

Offering—Price to the public will be filed by amendment.

Underwriters—To be filed by amendment.

NOMA ELECTRIC CORP. on July 26 filed a registration statement for 247,361 shares of common stock, par $1.

Details—See issue of Aug. 2.

Underwriters—None.

Offering—Company is offering its common stock to stockholders of Triumph Industries, Inc., formerly known as Triumph Explosives, Inc., on the basis of two shares of Triumph common, $2 par, for one share of Noma. Ansonia Electrical Co., a wholly-owned subsidiary of Noma, owns 200,000 shares of the common stock of Triumph. The offer of Noma is conditioned upon the acceptance of the offer by the holders of at least 80% of the stock of Triumph within the time period designated. The result of the exchange offer, when effective, will be to convert Triumph into a controlled subsidiary of Noma as of July 31, 1945, notwithstanding the fact that the exchange offer will not be consummated until a later date, the statement said. Assuming all of the shares of Triumph are exchanged pursuant to the order the shares of Triumph will be recorded on the books of the company at $3,626,682. Triumph has 494,722 shares of common stock outstanding.

PACIFIC GAS & ELECTRIC CO. on May 4 filed a registration statement for 700,000 shares of common stock (par $25). The shares are owned by the North American Co. which is offering them.

Details—See issue of May 10.

Awarded May 22 to Blyth & Co., Inc. at $36.76 7/10 per share.

The SEC on May 23 refused to approve the bid, stating that competition had "been stifled."

POTOMAC EDISON CO. on April 19 filed a registration statement for 63,784 shares of 4½% preferred stock (par $100).

Details—See issue of April 26.

Offering—The company will offer the 63,784 shares of preferred stock in exchange for the 29,182 shares of 7% and 34,602 shares of 6% preferred stock now outstanding on a share for share basis with a dividend adjustment in each case and $5 in cash for each share of 7% preferred stock exchanged.

Underwriters — The company has retained Alex. Brown & Sons as dealer-manager to aid it in obtaining acceptances of the exchange offer.

PUBLICKER INDUSTRIES INC. on July 28 filed a registration statement for 100,000 shares of cumulative preferred stock (no par). The dividend rate will be filed by amendment.

Details—See issue of Aug. 2.

Offering—The offering price to the public will be filed by amendment.

Underwriters — Merrill Lynch, Pierce, Fenner & Beane heads the underwriting group, with names of others to be filed by amendment.

RED BANK OIL CO. on May 31 filed a registration statement for 990,793 shares of common stock (par $1).

Details—See issue of June 7.

Offering—Of the shares registered Bennett & Co., Inc., parent of Red Bank, will receive 209,970 shares in return for a like number of shares loaned to the registrant in connection with the acquisition of 54% of the outstanding stock of Seatex Oil Co., Inc. In addition, 150,000 of the shares registered will be issued to stockholders of Federal Steel Products Corp. in exchange for all of Federal's stock. Bennett & Co., Inc., is the sole underwriter as to an additional 100,000 shares of common registered. The balance of 530,823 shares of stock being registered have heretofore been issued to Bennett & Co., Inc., in exchange for various obligations of the registrant.

Underwriters — Principal underwriter Bennett & Co., Inc., Dallas, Texas.

ROBERTS TOWING COMPANY on July 11 filed a registration statement for $500,000 serial 4½% equipment trust certificates.

Details—See issue of July 19.

Offering—The price to the public of the different series ranges from 99 to 102. The average price to the public is given as 100.47.

Underwriters—S. K. Cunningham, Inc., Pittsburgh, and John Nordman Co., St. Louis, Mo.

ROCKLAND GAS CO., INC., on July 26 filed a registration statement for 30,500 shares of common stock, (no par). The shares are issued and outstanding and do not represent new financing.

Details—See issue of Aug. 2.

Offering—The price to the public will be $26 per share.

Underwriters—The principal underwriters are Butcher & Sherrerd, Putnam & Co., Chas. W. Scranton & Co., Battles & Co., Inc. and Southern Securities Corp.

ST. JOSEPH LIGHT & POWER CO. on Feb. 28 filed a registration statement for 13,056 shares of Class A 5% cumulative preferred stock, par $100.

Details—See issue of March 8.

Offering—The company is offering 13,056 shares of its Class A 5% preferred shares in conversion share for share of the outstanding 5% cumulative preferred shares held by others than Cities Service Power & Light Co.

Underwriters—The company has retained Estabrook & Co., G. H. Walker & Co. and Prescott, Wright, Snider Co. as exchange agents to secure and procure consents of preferred shareholders to the conversion.

The company also proposes to refund the $4,806,000 first mortgage bonds, 4½% series due 1947 and to reduce the aggregate principal amount of its indebtedness to $3,750,000 by redeeming the outstanding bonds and issuing $3,750,000 of new bonds. The bonds will be sold at competitive bidding.

SEABOARD FINANCE CO. on July 12 filed a registration statement for $3,000,000 5% 10-year sinking fund debentures due Aug. 1, 1955, and 70,000 shares cumulative preferred stock, series A, with common stock purchase warrants.

Details—See issue of July 19.

Offering—The price to the public is 100 for the debentures and $30 per share for the preferred.

Underwriters—The underwriting group is headed by Van Alstyne, Noel & Co., and Johnson, Lemon & Co.

SOLAR MANUFACTURING CORP. on July 23 filed a registration statement for $1,500,000 5% 15-year sinking fund debentures due Aug. 1, 1960; five-year common stock purchase warrants to purchase 57,500 shares and a like amount of common shares issuable upon the exercise of the warrants. The company proposes to sell the debentures plus 20,000 warrants to an underwriting group headed by Van Alstyne, Noel & Co. Each $1,000 debenture will have attached a non-detachable warrant entitling the holders to purchase 25 shares of common.

Details—See issue of July 26.

Offering—The price per unit to the public will be 100.

Underwriters—Van Alstyne, Noel & Co. heads the underwriting group.

SOUTHWESTERN ELECTRIC SERVICE CO. April 18 filed a registration statement for $2,375,000 first mortgage bonds, 3⅜% series due 1975; 8,500 shares 4¾% cumulative preferred stock (par $100) and 128,935 shares of common (par $1).

Through amendment filed Aug. 9 the amounts were changed to $1,550,000 bonds, 10,150 shares of preferred and 161,180 common shares (to be offered at $9.50 per share).

Details—See issue of April 26.

Offering — Holders of the outstanding common stock of Southwestern Public Service Co. will be given the right to subscribe to the 128,935 shares of common at the rate of one share of common of Southwestern Electric for each five shares of common of Southwestern Public Service. The subscription price will be filed by amendment. The public offering price of any unsubscribed common and of the bonds and preferred stock will be filed by amendment.

Underwriters—To be filed by amendment.

Bids Invited—Company is inviting bids to be received by Republic National Bank, 1309 Main Street, Dallas, Texas, up to 10 o'clock (CWT) Aug. 24 or by company at 30 Broad Street, New York, up to 11 o'clock (EWT) the same day, for the purchase of $1,550,000 first mortgage bonds. Bids for the purchase of 10,150 shares of preferred stock will also be received at the same time and places.

UNIVERSAL CAMERA CORP. on March 19 filed a registration statement for 663,500 shares Class A common stock, par value one cent a share, with Class A common stock purchase warrants. Of the total 530,500 are issued and outstanding and are being sold by certain stockholders.

Details—See issue of March 29.

Offering—The initial offering price is $5 per share. Of the 133,000 shares being offered for account of company, 20,000 are to be offered to employees at $4.25 per share. Shares not subscribed for by employees will be sold to public through underwriters along with the rest of the public offering. For every ten shares of common stock bought, purchasers, other than employees, will receive warrants to subscribe to one share of common stock, at $5 per share, on or before Dec. 31, 1948. Employees will receive such warrants for each five shares of common stock purchased.

Underwriters — Floyd D. Cerf Co. is named principal underwriter.

Stop Order Action—The SEC on June 29 dismissed the stop order proceedings commenced April 10, 1945. In its opinion the Commission said it is satisfied that the amendments subsequently filed by the company substantially correct the deficiencies cited in the notice of the proceeding except those relating to the warrants.

VIRGINIA RED LAKE MINES, LTD. on June 24 filed a registration statement for 220,000 shares of capital stock, par $1 (Canadian).

Details—See issue of Aug. 2.

Offering—The offering price to the public is 60½ cents Canadian or 55 cents United States funds.

Underwriters—Willis E. Burnside & Co., New York.

WESTERN LIGHT & TELEPHONE CO., INC. on July 27 filed a registration statement for $6,200,000 first mortgage bonds, Series A, due July 1, 1975. The interest rate will be filed by amendment.

Details—See issue of Aug. 2.

Offering—Price to the public will be filed by amendment, after the bonds are offered for sale at competitive bidding.

Underwriters—To be filed by amendment.

Raw Materials, Equipment Asked for Small Business on Equal Basis With Larger Plants

Senator James E. Murray, Chairman of the Senate Small Business Committee, filed with the Senate on July 30 a report of the committee on the Impact of Reconversion Policies on Small Business, expressing the belief that the "unplanned reconversion" is about to become a mad scramble for materials which will threaten the continued existence of small business in the United States, and particularly, the security of job holders. The report says that:

"The life-blood of every factory in America is its raw materials and equipment and it is the task of the Small Business Committee to see to it that America's 190,000 smaller manufacturing plants with their 9,000,000 workers are provided access to raw materials and equipment on an equal basis with larger plants."

The report also states:

"Without a program for a fair and equitable apportionment of raw materials, and especially those raw materials of which there is not enough to satisfy the full needs of all business, the Nation must be prepared to face the staggering prospect of ruined and bankrupted factories and widespread unemployment."

"Despite the fact that smaller business was given a place in the war-production picture, the Senate Small Business Committee" says the report "recalls that this role would not have been on its present scale, if it had not been for Government aid." "With this in mind" the report continues—"the committee wants smaller business to have adequate opportunities in the post-war world, both because it has (1) proved that it is a vital segment of our country, and (2) because it is traditionally—and in the minds of many practically the connerstone on which our economic structure is built."

The Committee in its report makes the following 8 recommendations to WPB for a constructive reconversion program to adequately protect small business and assure that they have proper access to available supplies of basic materials for production of civilian goods:

"1. That Priorities Regulations Nos. 27 and 29 be amended so as to provide preference rating assistance to firms doing less than a stated amount of business each quarter after Oct. 1, 1945.

"2. That reconsideration be given to increasing the $50,000 limit in Priorities Regulation No. 27 to $100,000 in order to increase the number of firms which are eligible to use it.

"3. That special consideration be given to applying the dollar volume limit on use of Priorities Regulation No. 27 to a firm's civilian business only, in order that smaller firms which are still partially engaged in war work will be able to use the assistance which it offers to resume civilian goods production on a partial basis.

"4. That the statement of policy contained in Priorities Regulation No. 28 be modified to show that the War Production Board will grant preference-rating assistance to smaller firms which need one or two components to resume civilian goods manufacture and not only in the 'very exceptional cases' to which it now applies.

"5. That every effort be made to broaden and strengthen the War Production Board's inventory control enforcement so that larger firms will not tend to indulge in preemptive buying now that the war in Europe is over.

"6. That the War Production Board continues to observe the operation of manpower controls as they apply to raw material producers, and that the War Production Board, in conjunction with War Manpower Commission, investigate the possibility of removing all manpower controls over producers of basic raw materials even in areas where manpower is in critical supply.

"7. That the War Production Board make every effort to bring about the prompt conversion of Government-owned steel plants to the manufacture of types of steel which are suitable for the production of civilian-type goods.

"8. That the War Production Board adopt a definite policy of setting a proportionate share of basic materials and parts for the exclusive use of smaller business concerns, based on previous usage of such materials by individual small plants.

"To this end, the Board should in the committee's opinion, establish a feasible program of distribution for such materials and the program should be definite in order to afford smaller businesses advance knowledge so that they will be in position to plan their future production of civilian goods. This plan should be drafted in such manner as to assure that no small firm will be discriminated against as the result of a mal-distribution of materials, and at the same time, it should constitute a definite and concrete program.

"For example, the committee believes that if there is 400,000 tons of sheet steel available for civilian production during a given quarter, all smaller businesses which used sheet steel during a base period (perhaps 1940 or 1941) be given a share of the 400,000 tons according to base period usage."

Repayments on Home Mortgages in 1944

Home mortgages held by member savings and loan associations of the Federal Home Loan Bank System were paid down by more than a billion dollars in 1944, James Twohy, Governor of the System reported on July 21. He stated that "the total of repayments on these mortgages, estimated at $1,092,000,000, compared with $993,000,000 in 1943 and $745,000,000 in 1941, the last pre-war year."

The advices from Mr. Twohy also state:

The report, covering the activities of all member institutions of the System in 1944 shows that savings and loan association members made mortgage loans reaching $1,318,000,000, a 25% increase over 1943. However, the accelerated rate of repayments by borrowers resulted in a net increase of only $226,000,000 in loan balances, which stood at $4,274,000,000 on Dec. 31. Resources of all members of the System, chiefly savings and loan associations, increased during 1944 to a total of $7,333,000,000, a gain of $940,000,000, the report said.

Despite the scarcity of construction loan outlets because of building restrictions, the associations generally continued to encourage thrift by accepting new share investments, with the result that savings of the public in their custody rose by $182,000,000 or 17%.

DIVIDEND NOTICES

American Cyanamid Company

PREFERENCE DIVIDEND

The Board of Directors of American Cyanamid Company on August 21, 1945, declared a quarterly dividend of 1¼% ($.125) per share on the outstanding shares of the 5% Cumulative Preference Stock of the Company, payable October 1, 1945 to the holders of such stock of record at the close of business September 4, 1945.

COMMON DIVIDEND

The Board of Directors of American Cyanamid Company on August 21, 1945, declared a quarterly dividend of twenty-five cents (25¢) per share on the outstanding shares of the Common Stock of the Company, payable October 1, 1945 to the holders of such stock of record at the close of business September 4, 1945.

W. P. STURTEVANT,
Secretary.

ELECTRIC BOAT COMPANY

The Board of Directors has this day declared a dividend of twenty-five cents per share on the Capital Stock of the Company, payable September 11, 1945, to stockholders of record at the close of business August 29, 1945.

Checks will be mailed by Bankers Trust Company, 16 Wall St., New York 15, N. Y., Transfer Agent.

H. G. SMITH, Treasurer,
33 Pine Street,
August 20, 1945. New York 5, N. Y.

LIQUIDATION NOTICE

The Farmers & Merchants National Bank of Eureka, located at Eureka in the State of Nevada, is closing its affairs. All note holders and other creditors of the association are therefore hereby notified to present the notes and other claims for payment.

Dated: June 16, 1945.

C. L. TOBIN, Cashier.

DIVIDEND NOTICES

NU - ENAMEL CORPORATION

Notice of Dividends

CONVERTIBLE PREFERRED STOCK

The Board of Directors of this Corporation has declared two initial quarterly dividends of 15c each on the 60c cumulative dividend convertible preferred stock, the first payable September 15, 1945 to stockholders of record at the close of business September 5, 1945 and the second payable December 15, 1945 to stockholders of record at the close of business November 30, 1945.

COMMON STOCK

The Board of Directors has also declared a dividend of 10c per share on the Common Stock, payable September 15, 1945 to stockholders of record at the close of business August 31, 1945.

Checks will be mailed.

O. M. NORBY,
Secretary-Treasurer

INTERNATIONAL HARVESTER COMPANY

The Directors of International Harvester Company declared a quarterly dividend of sixty-five cents (65c) per share on the common stock payable October 15, 1945, to all holders of record at the close of business on September 15, 1945.

SANFORD B. WHITE
Secretary

INTERNATIONAL SALT COMPANY

475 Fifth Avenue, New York 17, N. Y.

A dividend of FIFTY CENTS a share has been declared on the capital stock of this Company, payable October 1, 1945, to stockholders of record at the close of business on September 15, 1945. The stock transfer books of the Company will not be closed.

HERVEY J. OSBORN, *Secretary.*

Johns-Manville Corporation

DIVIDEND

The Board of Directors declared a dividend of 75¢ per share on the Common Stock payable September 7, 1945, to holders of record August 25, 1945.

ROGER HACKNEY, ***Treasurer***

KANSAS CITY POWER & LIGHT COMPANY

First Preferred, Series B — Dividend No. 75
Kansas City, Missouri — August 16, 1945

The regular quarterly dividend of $1.50 per share on the First Preferred, Series "B", Stock of the Kansas City Power & Light Company has been declared payable October 1, 1945, to stockholders of record at the close of business September 14, 1945.

All persons holding stock of the company are requested to transfer on or before September 14, 1945, such stock to the persons who are entitled to receive the dividends.

H. C. DAVIS, Assistant Secretary.

KENNECOTT COPPER CORPORATION

120 Broadway, New York 5, N. Y.

August 17, 1945.

A cash distribution of twenty-five cents (25c) a share and a special cash distribution of twenty-five cents (25c) a share have today been declared by Kennecott Copper Corporation, payable on September 29, 1945 to stockholders of record at the close of business on August 31, 1945.

A. S. CHEROUNY, Secretary.

Magma Copper Company

Dividend No. 92

On August 15, 1945, a dividend **of Twelve** and One-half Cents (12½c) per share **was declared** on the capital stock of Magma Copper Company, payable September 15, 1945, **to** stockholders of record at the close of business August 29, 1945.

H. E. DODGE, *Treasurer.*

Newmont Mining Corporation

Dividend No. 68

On August 17, 1945, a dividend of 37½ cents per share was declared on the capital stock of Newmont Mining Corporation, payable September 15, 1945, to stockholders of record at the close of business August 31, 1945.

GUS MRKVICKA,
Assistant Treasurer.

DIVIDEND NOTICE

Dividend of 25c a share on the Common Stock has been declared payable October 1, 1945, to stockholders of record on September 20, 1945.

M. F. BALCOM, Treasurer.

SYLVANIA ELECTRIC PRODUCTS INC.
Salem, Massachusetts — Aug. 22, 1945

TEXAS GULF SULPHUR COMPANY

The Board of Directors has declared a dividend of 50 cents per share on the Company's capital stock, payable September 15, 1945, to stockholders of record at the close of business August 27, 1945.

H. F. J. KNOBLOCH, *Treasurer.*

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"Our Reporter on Governments"

By JOHN T. CHIPPENDALE, JR.

After the two day holiday following the Japanese surrender, the Government bond market was faced with the realities of peace, in the announcement that a Victory Loan would take place in the near future. . . . The proximity of the Victory Drive to the Seventh War Loan, which for certain institutions will not be completed until the end of this month, had an unsettling effect on the market, which last Friday turned weak on light trading. . . .

The whole list gave ground, led by the Seventh War Loan, restricted issues, the 2¼s due 1959/62, and the 2½s due June 15 1967/72, which were off the limit of ¼ of a point. . . .

The partially-exempts were marked down, since neither the banks nor the dealers were in a mood to position these securities because of impending tax changes. . . . The bank-eligible-taxables receded in sympathy on small volume, paced on the downside by the 2½s due Sept. 15 1967/72, and the 2½s due 1956/58. . . .

DEALER POSITIONS

On Monday the market continued to give ground with the recently issued 2¼s and 2½s and the long bank-eligible-taxables again the leaders on the downside. . . . The technical position of the Seventh War Loan restricted issues is poor, because the dealers were not expecting another drive at such an early date, and many of them had not been able to cut down their positions in these bonds. . . . This affected the entire list since the dealers backed away from the other issues and the banks had not yet come into the market. . . .

Early Tuesday the market drifted down to new lows for the recent sell-off on light volume. . . . About mid-day prices firmed and moved up from the lows, although they ended the day still on the minus side. . . . Wednesday showed a continuation of the uptrend. . . .

The market seems to be overcoming its bad case of jitters with the feeling now prevailing in some quarters that technical market conditions, sympathetic selling and the psychological element are temporary market factors that can be quite readily eliminated. . . .

Accordingly shrewd buyers are beginning to make some commitments at these levels, since it is their opinion that the market has rather fully discounted all these factors and is now in a buying range. . . .

PREDICTIONS

Opinions are that the Treasury, in scheduling the Victory Loan so close to the Seventh War Loan, probably had these ideas in mind:

(1) To siphon off some of the excess purchasing power, while the supply of commodities and materials is low, which will be the case for many months. . . . This would help to restrict rising prices and the attendent inflationary effects. . . . This seems to be the primary purpose.

(2) To make one last appeal to raise funds based on patriotism. . . . This has been an important factor in our war loan drives. . . . We have done much for the war effort, now we must do something for Victory.

(3) Government expenditures will still continue to be large for a considerable period of time. . . . The Government must have funds to bring troops home, for the cost of occupation, and bonuses for those that served in the Armed Forces. . . . Also there will be redemptions of savings bonds and unemployment payments that will have to be taken care of. . . . **The Treasury evidently considers it a good time to build up large cash balances to meet necessary expenditures. . . .**

WHEN AND HOW MUCH?

The drive is reported to be scheduled to start Oct. 29 and to extend to Dec. 8. . . . The amount to be raised according to some sources will be $12 Billions, with $5 Billions for individual purchases including $2 Billions in Series "E" Bonds. . . . The quota for corporations will be $7 Billions, with these concerns subscribing during the last week of the drive. . . .

However, the important factors to the financial district are the restrictions and the type of securities that will be made available to investors. . . .

In order to prevent the creation of deposits and purchasing power, neither of which are needed at this time, the Government probably intends to get its funds largely from individuals and financial institutions, such as insurance companies, savings banks and charitable organizations. . . . Corporations undoubtedly will not be as important in this drive, due to reconversion and allied problems. . . . The extent of their participation will probably be tax notes and certificates. . . .

According to indications, straight commercial banks will not participate directly in the drive, although those institutions with time deposits may be allowed to buy limited amounts of the drive issues. . . .

There is considerable conjecture as to the marketable securities that will be offered in the Victory Loan, with the opinion held in some quarters that they will consist only of ⅞% Certificates and the restricted 2¼s and 2½s. . . . Others believe that either a 1¼% Note or the 1½% Bonds will be offered along with the other securities. . . . Undoubtedly borrowing—both before and during the coming Victory Loan—will be very carefully watched by the monetary authorities, since it is indicated that they do not want a recurrence of what happened in the last War Loan drive. . . .

TREASURY POLICY

The new Secretary of the Treasury, Fred M. Vinson, last week cleared up the uncertainty concerning the future financing policy of the Government, when he announced that $1,214,428,950 of the partially-exempt 2¾% due Sept. 15, 1945/47, which had been called for payment on Sept. 15, would be exchanged for ⅞% Certificates due Sept. 1, 1946. . . . The exchange offer being made to the holders of the 2¾% due Sept. 15 1945/47, is not as favorable as was received by the owners of the 4% due Dec. 15 1944/54, which were retired last Dec. 15. . . . The holders of those bonds were given the option of exchanging them for the 1¼% Notes due Sept. 15 1947, the 2% due Dec. 15 1952/54, and the restricted 2½s due March 15 1966/71. . . .

The fact that Mr. Vinson is following the same financing policy that the Treasury has used in the past means that the Government will continue to stress the need for as low an interest cost as it is possible to get in order to cut the interest burden wherever and whenever it can do so. . . .

The lowering of interest charges through a larger floating debt will probably come much more into prominence in the not too distant future with the return flow of currency from circulation. . . . This will result in building up large excess reserves. . . . The money markets at that time should be right for increased offerings of short-term securities, which will be taken by the banks, since these institutions will have funds that they will want to put to work. . . .

This type of financing should have a beneficial effect on the intermediate and long-term bank-eligible-taxable issues. . . .

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The COMMERCIAL and FINANCIAL CHRONICLE

Reg. U. S. Pat. Office

Volume 162 Number 4414 New York, N. Y., Thursday, August 23, 1945 Price 60 Cents a Copy

The Financial Situation

Even the most reluctant must now find it difficult to avoid the conclusion that the approach of the Truman Administration toward reconversion, to say nothing of our course during the peace years to follow, is essentially that of the New Deal philosophy. These continually reiterated prophecies of three, five, eight and more million unemployed within the year have of course been typically New Deal tactics. President Truman is evidently surrounded by men, most of them doubtless inherited from the Roosevelt regime, who believe as the Roosevelt cynics always believed that if it is possible to cause sufficient uneasiness and pessimism about the future in the minds of the public, it will not be difficult to persuade Congress to take almost any course that these same calamity howlers designate as necessary to prevent the unpleasant state of affairs predicted. The Administration has grandiose plans for the application of an essentially totalitarian program during the months if not years to come, and the ground is being sedulously cultivated for it.

Definitely New Deal

Certain more or less key measures in that program are well known—and well understood to be of a typically New Deal nature, indeed more or less inherited from the Roosevelt Administration. Others doubtless will be coming along as time passes. Meanwhile, the Executive Order issued over the weekend makes it clear beyond all peradventure of a doubt that, whatever President Truman's alleged leanings toward the so-called conservative Southern Democrats, his leanings are at bottom definitely New Deal in nature—no matter with what outer trimmings of greater regard for common sense they may be decorated. That such is the case is certainly not surprising since the virus of totalitar-

(Continued on page 860)

Churchill Condemns Agreement on Poland

In First Parliament Address as Opposition Leader, Former Prime Minister Predicts Difficulties in Division of European Territories. Says Democracy Is on Trial and That Grave Questions Exist in Eastern and Middle Europe. Attacks Prof. Laski's Authority to Fix Foreign Policy and Defends Actions Regarding Greece and Spain. Hints Nationalization Projects Will Not Help Wage-Earners.

Former Prime Minister Winston Churchill on Aug. 16 made his first address in Parliament as Leader of the Opposition, in which he revealed that he was not in harmony with the Potsdam decision regarding the new areas allotted to Poland, which he said was "Not a good augury for the future." He denied the authority of Professor Harold Laski, the Executive Secretary of the Labor Party, who is not a member of the new government, to publicly state its foreign policy, which should come from the ministers of the Crown, and, in concluding, he made reference to the nationalization projects, and asserted that if after these projects are completed, "the trades unions yet seemed to feel it necessary to rearm against state socialism apparently the new age is not to be so happy for the wage-earners as they have been asked to believe."

Winston Churchill

The text of Mr. Churchill's address, as reported by the United Press, follows:

Our duty is to congratulate the Government on the very great improvement in our prospects at home which comes from complete victory gained over Japan and especially on peace throughout the world. Only a month ago it was necessary to continue at full speed, at enormous cost, all preparations for a long and bloody campaign in the Far East. In the first days of the Potsdam conference President Truman and I approved a plan submitted to us by the Combined Chiefs of Staff for a series of great battles and landings in Malaya, the Netherlands East Indies and in the homeland of Japan.

These operations involved an effort unsurpassed in this war, and no one could measure the cost in British and American life and treasure which they would require. Still less could it be

(Continued from page 865)

Snyder Reports to Truman on Reconversion Program

Reconversion Director Tells President Proposed Steps in Switch From War to Full Peacetime Output. Urges Rapid Demobilization of Armed Forces, Settlement of War Contracts and Retention of Some Controls Over Prices, Wages and Rents. Calls for a Minimum of Strikes, but Warns of a Period of Sharp Unemployment. Gives Answers to a Series of Questions.

John W. Snyder, recently appointed by President Truman as Director of War Mobilization and Reconversion, on Aug. 15, released a report to the President, entitled "From War to Peace: A Challenge," in which he outlined the reconversion task ahead and stated a program proposed to be followed, "now that Japan has been finally crushed."

John W. Snyder

The letter of transmittal and the text of the document follow:

The President,
The White House, Washington, D. C.

Dear Mr. President:

I submit herewith a report entitled "From War to Peace: A Challenge." This report has been prepared in collaboration with the Office of War Information and other government agencies. It is designed to answer the specific questions which will be uppermost in the minds of the people, now that Japan has been finally crushed.

Respectfully,
John W. Snyder, Director.

FROM WAR TO PEACE: A CHALLENGE

Our total victory over our enemies was the inevitable and just product of our total mobilization for war. The same energies, the same skills, the same cooperation that won the war must now be directed toward the winning of a total and stable prosperity in peace.

The outlook for this peacetime victory is bright, but it will not be won easily nor immediately. There should be no mincing of words. The sudden termination of the major portion of war contracts will cause an immediate and large dislocation of our economy. Our nation will undergo the shock of considerable but temporary unemployment. The severity of this shock is increased by the sudden ending of the war.

In a sense we have exchanged lives which would have been lost in battle for sharp unemployment at home. It is a very welcome swap. We would not reverse it if we could. Nor will we continue the manufacture of useless armaments for as much as one day to cushion the shock We will not manufacture a single shell, nor a single piece of equipment above absolute minimum military needs, for the purpose of reducing the shock of terminating war work. We will not keep a single soldier or sailor in uniform longer than he is needed by the Army or Navy, in order to hold down the totals of temporary unemployment. This is the policy laid down by the Congress, wholeheartedly carried out by this Administration, and backed by the American people.

This policy may increase somewhat the immediate dimensions of the task. But it is the shortest and most efficient road back. We hope to achieve plant reconversion in a relatively few months, but a full peacetime footing cannot be achieved that soon.

The Answer—Production

The job ahead is one of redirecting from war to peace the four main resources from which the wealth of our economy springs: our manpower, our raw materials, our plant and equipment, and our managerial know-how.

The goal of our economy now that peace has come is in a sense the same as it was in war: production.

Only a peacetime production, vastly expanded over anything this or any other nation has ever

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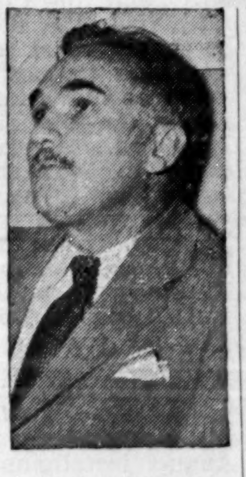
*These items appeared in our issue of Aug. 20, on pages indicated.

From Washington Ahead of the News

By CARLISLE BARGERON

One of Britain's most serious post-war problems, it would seem, is the professor, Harold J. Laski. For the past two weeks the new Labor Party has been seeking to deal with him, before it takes over the coal mines, the railroads or the Bank of England. Prime Minister Attlee has publicly spanked him to the extent of saying he did not represent the government; this, after his going to Paris and inviting the French socialists to join up with the British in a united brotherhood of man, and after his saying that the new government would disavow Churchill's policy in Greece and Spain. Subsequently, Ernest Bevin has come along and said that the policy towards these two countries would remain unchanged.



Carlisle Bargeron

This is important because the controversy around these two countries is not one of outmoded monarchy and democracy as the so-called Liberals have propagandized, but one of whether the Communists were to take over.

Laski, although disguised as a Laborite or Socialist, is looked upon by the British contingent in Washington as a Communist or one so near to it that it doesn't make any difference.

He can be bought for a dime a dozen among the contingent, and they are burning up at the attention our American editors give to him. We have sought to ascertain just what his influence is, and we are assured that it is not the slightest more than a writer who has attached himself to a cause, the Labor Party in this instance, and is trying to make hay while the sun shines by selling his wares. He is the chairman of the Labor Party which is what is probably making American editors buy him, but we are assured this is purely honorary and something that rotates, like the presidency of the Rotary Club.

He reminds us very much of a young fellow, Mordecai Ezekiel, an economist in the Department of Agriculture when the New Deal came in. He figured it was a ripe day for professors and economists, and he set out to writing radical books with a view to getting attention called to him. Notwithstanding that it was a beautiful day for those of his breed, he simply did not click.

This is a commentary on him, however, because lesser figures did. And there would seem to be this thought about Britain as they now appear to be in the same questionable period, in the eyes of the world, as we were when

(Continued on page 872)

Hansen Leaves FRB Advisory Staff

Advocate of Deficit Spending No Longer Consultant to Reserve Board. Reputed to Have Influenced Federal Fiscal Policy.

Alvin H. Hansen

Announcement has come from Washington that Professor Alvan H. Hansen, Littauer Professor of Economics at Harvard University, is no longer acting as a consultant to the Board of Governors of the Federal Reserve System, a position which he has held for two years. Professor Hansen in 1941 published a book entitled "Fiscal Policy and Business Cycles" in which he advocated the "deficitspending" policy as laid down by Lord Keynes and Sir William Beveridge in Great Britain. After his appointment as a special economic advisor to the Board of Governors of the Federal Reserve System, considerable criticism and complaint developed in political and banking circles regarding his influence in shaping post-war fiscal policy. It is reported that his separation from the Reserve Board is caused not only by this situation, but also by a "fundamental disagreement" as to post-war fiscal policy with Marriner S. Eccles, the Chairman of the Board of Governors of the Federal Reserve System.

Professor Hansen was born at Viborg, S. Dak., on Aug. 23, 1887 and received his Ph. D. degree from Wisconsin University in 1915. He was appointed Littauer Professor of Economics at Harvard University in 1937. He has written extensively in the field of economics and statistics, particularly with reference to the business cycle.

Benefits Under New Income Tax Law Outlined by Internal Revenue Commissioner

As was indicated in our issue of Aug. 9, page 654, President Truman has approved the reconversion tax legislation intended to encourage big and little business in returning to peace-time production. The new law, which is designated as the "Tax Adjustment Act of 1945" was signed by the President on July 31. In announcing on Aug. 15 the adoption of specific procedures to expedite for businessmen the various benefits provided for them in the newly enacted measure, Joseph D. Nunan Jr., Commissioner of Internal Revenue said:

"Our war-time tax laws, recognizing possible inequities and hardships upon business which might result in some cases, provided eventual refunds of certain tax amounts. The Tax Adjustment Act speeds up these repayments so that American business may make immediate use of its own money for reconversion and other pressing needs.

"In fulfillment of this objective, we have adopted procedures which will make these adjustments as simple and speedy as the law allows. Specific instructions are being issued to the field offices of the Bureau of Internal Revenue, and any businessman seeking further information about the specific application of the new law to his particular situation is invited to consult the nearest office of a collector of internal revenue or a revenue agent-in-charge.

"The necessary forms for the purposes of the new Act will be distributed through local collectors of internal revenue as soon as they can be printed and shipped, probably within a few weeks."

The principal benefits, and the general methods by which they will be realized are, according to Commissioner Nunan's announcement:

"1. CURRENT CREDIT-EXCESS PROFITS TAX (in lieu of former post-war credit) — Formerly, each corporation paying excess profits tax was entitled to a post-war credit equal to 10% of the excess profits tax paid. Under the new law for taxable years beginning on or after Jan. 1, 1944, the amount of tax payable is reduced 10% and the post-war credit is abolished. This plan will be put into effect as follows:

"(a) **In the case of a corporation paying remaining installments due on excess profits tax for a year which began on or after Jan. 1, 1944,** the corporation should divide its credit by the number of remaining installments, and reduce each remaining installment payment by that amount. (Example: Corporation X filed an excess profits tax return on March 15, 1945, showing it owed $400,000 excess profits tax for the preceding year. The corporation paid one installment of $100,000 on March 15 and another of $100,000 on June 15. Normally it would make similar payments on September 15 and December 15. However, under the new law it is entitled to a current credit of 10% of the tax—10% of $400,000, or $40,000. Since the corporation has two more installments to pay, it should divide the $40,000 by 2, and take a credit of $20,000 on each of the remaining installments. Thus, the corporation should pay $80,000 on September 15 and $80,000 on December 15, instead of $100,000 each time.)

"(b) **In the case of a corporation paying remaining installments due on excess profits tax for a year which began prior to Jan. 1, 1944,** the corporation should reduce its last installment by the amount of the credit. Although the new law is silent on this point, the Commissioner has authorized this special procedure so that affected corporations will not have to pay the credit and then wait for its refund. (Example: Corporation Y filed an excess profits tax return on February 15, 1945, showing $300,000 excess profits tax due for its fiscal year which ended November 30, 1944. It has already paid two installments totalling $150,000. Normally, it would owe another installment of $75,000 on August 15, and another of $75,000 on November 15. However, it is entitled to a post-war credit of 10% of $300,000 or $30,000. In this case the corporation should pay its August installment of $75,000 in full, and should reduce its last installment, in November, to $45,000.)

"(c) **In the case of a corporation making payment on a deficiency assessment for a taxable year which began prior to Jan. 1, 1944,** the corporation also will be permitted to reduce this payment by the amount of the post-war credit applicable to the deficiency.

"(d) **In the case of a corporation which has paid in full the excess profits tax due for a year beginning on or after Jan. 1, 1944,** the Bureau will on its own initiative refund the amount of the current credit to the corporation.

"(e) **In the case of all corportions filing excess profits tax returns (Form 1121) hereafter,** the credit should be taken on the return, reducing the total tax by 10%. This reduced total tax should be paid in the usual installments. If using a 1944 edition of Form 1121, the corporation should enter the credit on line 21, page 1 (line 21 originally indicated a 'credit for debt retirement', which has been replaced by the current credit under the new law). The 1945 form will specifically indicate the current credit.

"2. REDEMPTION OF EXCESS PROFITS REFUND BONDS — Formerly, a corporation was issued 'Excess Profits Tax Refund Bonds' to evidence the 10% post-war refund due on its excess profits tax. These bonds were to become redeemable at specified dates after the war. Under the new law, all bonds of this type will become redeemable in cash, at the option of the holder, on or after January 1, 1946. Specific procedure for presentation of the bonds for redemption will be issued soon by the Secretary of the Treasury. In instances where bonds are due a corporation but cannot be issued prior to Jan. 1, 1946, the corporation will receive cash instead of bonds.

"3. DEFERMENT OF CURRENT TAXES DUE TO ANTICIPATED CARRYBACK—The new law permits corporations who anticipate carryback refunds (due to either 'net operating loss' or 'unused excess profits credit' in the current year) to defer current tax payments equal to the anticipated refund, pending final determination of the refund. The Bureau has prepared a special blank, Form 1138, for the taxpayer to use in applying for such deferments to the collector to whom the tax is payable.

"4. 90-DAY REFUND DUE TO CARRYBACK — The deferment described in the preceding paragraph will be based on a mid-year estimate by a corporation of its carryback. Therefore, when the taxable year is over and the exact amount of carryback can be determined, a corporation which has deferred current taxes on account of an anticipated carryback should file an application on Form 1139 for an expedited adjustment. Similar applications also may be filed by corporations which, though entitled to carrybacks, have not deferred any current taxes. Individuals having a net operating loss carryback may apply for corresponding adjustments by making an application on Form 1045. In all these instances, the Commissioner will, within 90 days, make a tentative refund of any amount due in excess of deferred taxes, unless he finds 'material omissions or errors' in the applications.

"5. 90-DAY REFUNDS DUE TO AMORTIZATION ALLOWANCES ON TERMINATED WAR FACILITIES — Many taxpayers with war contracts have received special permission to take amortization deductions over a five-year period on certain 'emergency facilities.' If before the expiration of the five years the War Production Board has certified that the facilities are no longer needed for emergency purposes (or the President proclaims the end of the emergency) the taxpayer may file a notice terminating the arrangement, and file an application for tentative adjustment or refund of his prior years' taxes on the basis of the shorter period of amortization. Unless he finds material omissions or errors in the application, the Commissioner will, within 90 days, determine the amount due the taxpayer, apply as much of it as necessary to outstanding taxes owed by the taxpayer, and refund the balance. Two special forms (Form 1140 for corporations and Form 1046 for individuals) have been prepared for the use of war contractors desiring such tentative adjustments.

"6. If for any reason not covered in the preceding paragraphs the taxpayer has any tax payments coming due while an application is pending for a 90-day refund on account of a carryback or amortization allowance, he may apply to the collector of internal revenue for an extension of time so as to avoid making any payments which would thereafter have to be refunded to him."

The State of Trade

The problems arising from our readjustment from output for war to that of a peacetime economy are manifold and some may be hurdled with a minimum of difficulty. There is one, however, falling within the province of the Federal administration, which involves the tying up of private funds caused by government cancellation of war orders. The speed with which the administration will act in this situation will depend the employment of many millions of people.

We cannot afford the luxury of large-scale unemployment for many reasons, of which our National debt is an important one. Confronted with an overwhelming National debt approximating $300,000,000,000, the manpower of the nation must not be idle if this debt would be serviced and the future of our people assured. Reconversion of industry has been delayed too long and further delay will bring disaster. Time is of the essence.

The total amount of private funds actually tied up by Government cancellations of war orders, according to an estimate made on Tuesday of this week by the National Association of Manufacturers, will amount to about $3 billions.

These figures were released after the Office of War Mobilization and Reconversion had given the total V-J cancellation figure to end the war as about $30 billions, plus a hold-over of $14 billions from V-E.

The Association, which has had a special committee and an advisory group working with the Government for the streamlining of war contract termination for more than a year, emphasized that this total cancellation figure of $44 billions may be misleading. It represents only gross cancellations on the order book.

What really counts, according to NAM, is the net amount of money tied up in partly completed work and actually out-of-pocket expenditures. That is the only amount which may be reclaimed from the Government; and, according to NAM, it is a figure of the order of $3 billions.

It is important to note, however, NAM warns, that this $3 billions represents part of the operating funds of industry which may be tied up an average of six months, according to war settlement experience to date.

It might have a retarding influence on the financial reconversion of industry as distinguished from the physical reconversion which lies in the hands of industry itself.

The problem is complicated by the fact that this $3 billions will be owed by the Government to some 70,000 prime contractors and 2,000,000 subcontractors who were employing some 7,000,000 persons on war goods and services on V-J Day.

Assuming that $2 billions of the tied-up sum would normally go for labor when released, it would serve to pay the wages of this entire war workers' force for two months.

NAM therefore warns of the importance of having sufficient Government personnel in the offices of contract settlement to speed up the rate of payment; and also an increase in the streamlining of the numerous bank loans which will be needed to unfreeze the bulk of this amount while private enterprise is waiting on the Government settlement.

Steel Industry—With an attitude of subdued expectancy, the steel industry marked time last week. Notwithstanding possible chaotic conditions in the offing, sudden renconversion held no terrors for the industry in that it has been awaiting this day for some time.

"The Iron Age" in its current survey of the steel trade observed that while war contractors struggled with the specter of terminations, and war converted manufacturers rushed to get their houses in order for civilian production, from four to six months' capacity operations seemed assured for full line steel producers on the basis of civilian orders now in hand.

There was the further prospect that as reconversion was accomplished and productive capacity increased additional orders would be forthcoming to replenish depleted backlogs.

Order departments received few cancellations in the early part of the past week, the attitude of customers reflecting apparent reluctance to anticipate contract cancellations until they were actually received. On this basis it appeared that approximately 48 hours would be required from the falling of the contractual axe at Washington before repercussions were felt on mill schedules, the magazine stated.

The recent atomic bomb raids and the entry of the USSR into the war were reflected in increased war steel orders accentuating a trend visible since VE-Day with nonpriority orders showing slight deviation from the level of recent weeks. Combined war and civilian ordering amounted to approximately 40% of the weekly volume entering the books during the peak buying period early this year.

Extended deliveries quoted through the early part of last week indicated that final capitulation alone would light the fuse to blast war orders backlogs, despite strong pressure from civilian customers impatient to resume production—noticeably the automotive industry. Automotive manufacturers were talking in terms of more than doubling originally scheduled passenger car output this year, while farm machinery makers were planning double present production.

Steel warehouses, in the past a major source for civilian manufacturers unable to find a place on mill schedules, and whose inventories have undergone considerable shrinkage, were ready, according to the magazine, to receive shipment of substantial tonnages as soon as possible. No perceptible warehouse cancellations were expected as a result of the end of the war.

First inkling of a return to peacetime normalcy for the industry came with a complaint from one segment of the automotive industry that steel prices are too high. This undoubtedly anticipates an easier supply situation and scrambling for orders in the not too distant future, with price concessions as the base," according to "The Iron Age."

Some sales offices detected an increase in rated civilian orders, indicating that WPB was carrying out its promise of assistance for reconversion of essential industry in civilian lines. Some such orders came from the automotive industry, but it was implied that the material was for repair parts rather than for new automobiles, the magazine added.

The American Iron and Steel Institute announced last Tuesday that the operating rate of steel companies (including 94% of the industry) will be 69.9% of capacity for the week beginning Au-

(Continued on page 866)

Vinson Lays Plans for Final Victory Loan Drive—Urges Continued Individual Purchases

In announcing on Aug. 16 that he had sent telegrams to all State Chairmen of the War Finance Division asking them to meet in Washington on Aug. 18 to lay plans for a Victory Loan Drive, and to discuss with him the problems of our post-war financing, Secretary of the Treasury Vinson, said:

"I believe the Victory Loan should be scheduled for the earliest possible date. It should provide a fitting climax for the series of successful drives by which we at home have financed the war.

"It will give each one of us an opportunity to tell the men—and the women—of our Army, of our Navy, of our Marine Corps, of our Coast Guard, and all others whose selfless services have helped us win this war, how proud we are of them. It will give us all an opportunity to share in the tasks yet to be done.

"There are millions of our men overseas. Billions of dollars will be needed to bring them home, to provide their mustering out pay, and to care for the disabled.

"Other billions will be required to provide for contract cancellations and to meet other costs incident to the liquidation of our war effort.

"We must maintain forces of occupation in German and Japanese territory, as long as necessary, to make secure the victory that has been achieved at the cost of so much suffering and of so many lives.

"All this will cost money. In the last war, expenditures in the six months following the Armistice were greater than those in the last six months of fighting. This time the first steps toward an orderly reconversion and our transition to a peacetime economy should be less costly proportionately. Nevertheless heavy expenditures attributable to the war will continue for many months."

While stating that "we should make the Victory Loan the last of our organized drives," Secretary Vinson added that "for the benefit of the country and for the benefit of its citizens, we should continue the sale of United States Savings Bonds, especially under the payroll savings plan. In doing this we will be meeting the many requests we have received from leaders of labor and industry." Mr. Vinson went on to say:

"Millions of our citizens, as Savings Bond buyers, have learned the value of thrift.

"They hold the soundest securities that are available in the world today—securities that will never be worth less than the purchase price and that will increase in value as they approach maturity.

"They should be encouraged to hold the bonds they now have and to buy more.

"National stability will be advanced by having our national obligations held by the greatest possible number of our citizens. And the individual who adds systematically to his bond holdings will find he has built up the best possible protection against any need.

"I am confident that the Victory Loan will be a tremendous success.

"The most effective way to celebrate victory is to buy Victory Bonds.

"By buying bonds—and holding them — we will consolidate the victory and sustain our economy."

Russo-Polish Frontier Fixed by Treaty

A treaty between Russia and Poland, which establishes their common frontier and indicates the sharing of German reparations, is reported to have been signed at Moscow on Aug. 16, according to a Tass agency broadcast which the New York "Times" published on the 17th. The treaty is said to be in accordance with the Big Three agreement made at Yalta, and sets as a basis the old "Curzon Line."

Under the terms, according to the "Times" report, Russia:

(1) Conceded to Poland territory extending from three to five miles east of the Curzon Line in some areas.

(2) Conceded to Poland in addition: (A) Territory east of the Curzon Line up to the Zapadny Bug and Solokia Rivers, south of the town of Kaylow, to a maximum extent of 18 miles; (B) part of the Bjalowicz forest area in the district of Niemirow-Jalowska to a maximum of ten miles and including the towns of Niemirow, Gainowka, Bjalowicz and Jalowska.

Russian Foreign Commissar Vyacheslaff M. Molotoff signed for Russia. Premier Eduard Osubka-Morawski signed for Poland.

Tass disclosed, the New York "Times" continued, that negotiations had been in progress for several days during a visit by Mr. Osubka-Morawski and Polish Provisional President Boleslaw Bierut.

The frontier is defined as follows in the treaty:

From a point about two miles southwest of the source of the San River, thence northeast to the source of the San, then down midstream to a point south of Solina, then east to Przemysl, west of Rawa Russka up to the Soloika River, thence along the Soloika and Zapadny Bug Rivers in the direction of Niermirow-Jalowska, leaving part of the Bjalowicz forest to Poland; thence to the meeting point of the Lithuania-Russia-Polish-East Prussia frontier, leaving Groino to Poland.

Delimitation by a mixed commission will start within 15 days of ratification.

Pending a final peace conference, the part of the Polish frontier adjoining the Baltic Sea will pass in conformity with the Big Three's Berlin decisions from a point on Danzig Bay eastward to a point north of Braunsberg-Goldap.

The Soviet Government agreed to turn over to Poland all claims of German property, other assets and shares of German industrial and transportation enterprises in Polish territory, Tass said.

Russia also agreed to concede to Poland from her share of reparations the following:

(1) Fifteen per cent of all reparation deliveries from the Soviet zone of occupation of Germany that will be effected in the period after the Berlin conference.

(2) Fifteen per cent of the complete industrial capital equipment received by Russia from the western zones of occupation. Delivery of this equipment to Poland is to be effected in exchange for other goods from Poland.

(3) Fifteen per cent of the complete industrial capital equipment that is to be delivered to the Soviet Union from the western zones without payment or compensation in any way.

In return, Poland agreed to deliver coal to Russia beginning in 1946 at a special agreed price. According to Tass, 8,000,000 tons of coal would be delivered the first year, 13,000,000 tons each year during the next four years and in subsequent years of the period of occupation of Germany 12,000,000 tons each year.

Early Tax Relief Planned When Congress Reassembles

Indications point to the early passage of tax relief measures when Congress reassembles in September. Preparatory work is getting under way already for meetings of the Senate Finance Committee, of which Senator Walter F. George (D.-Ga.) is Chairman, and the plans of the House Ways and Means Committee to review the tax structure and be ready with recommendations for the reconvening Congress.

In the view of Senator George, a recognized tax authority, the excess profits tax should be withdrawn in 1946, but individual and corporate income tax reduction should be spread over possibly three years, according to an interview which the Associated Press reported from Vienna, Ga., Aug. 17.

Administration and Congressional leaders have repeatedly pointed out the stimulating effects which might be expected from a repeal of the excess profits tax on the economy, both as a preventive to reconversion lags and to the development of any deflationary tendencies.

Senator George, the Associated Press reports, does not expect any income tax reductions to be effective until next year. However, he says that Congress should get to work early on a new tax bill.

"Business, as well as the individual, should know this year what to expect in the way of tax reduction in the immediate post-war years," Senator George suggested. He said business should have the incentive for enterprise.

Also, he added, the individual should have a margin of income for investment.

Senator George suggested, in an interview, that individual income taxes might be reduced from 40 to 60% in the different brackets over a three-year period starting next year.

His view is that the surtax should be held at the current level for the present and that it be gradually decreased over the next few years. He said the whole tax structure needed simplification and suggested that the income tax law could be amended, not by changing exemptions, but merely by changing the rate.

"Taxation can't create enterprise," Senator George said, "but badly devised and administered taxes can limit and restrict it and finally destroy it."

He added that a lower tax for small businesses and enterprises is needed—a rate lower than the rate on all business.

The capital gains tax, he said, should not be interfered with next year, but a sounder tax program along this line might be worked out after 1946.

Most of the excise taxes, he pointed out, will go out six months after the end of the war and Congress might accomplish this simply by a resolution.

"The $5 automobile use tax ought to be dropped," he said. "It is not a sound tax, it is purely a revenue measure."

The Administration's attitude is indicated in a press conference with Secretary of the Treasury Fred M. Vinson who left no doubt, the New York "Times" reported in a special Washington dispatch, Aug. 17, that the Treasury would co-operate in early revision of the Federal tax structure. Highlights of the conference, the "Times" continued, were:

1. The Treasury will have its report ready for the House Ways and Means Committee when it meets Aug. 27 on the tax aspects of the financial affairs of Elliott Roosevelt.

2. The first meeting of the Federal Advisory Committee on International Finance Policy, which has the task of co-ordinating foreign lending policies of the United States, will be on Tuesday at the Treasury. It will review the foreign lending plans of the Administration and its agencies. Members of the committee are the Secretaries of Treasury, State and Commerce, the chairman of the Federal Reserve Board of Governors, and the chairman of the Export-Import Bank.

3. The new Secretary has made no change in the interest rate policies of the Treasury under Secretary Morgenthau, as indicated by the refunding announcement of the Treasury today that holders of outstanding 7/8% Sept. 1 certificates and 2 3/4% bonds, called for redemption Sept. 15, will be offered one-year 7/8% certificates.

4. The Treasury hopes that the sale of Treasury savings bonds will be a permanent institution, and urges continuing of the payroll deduction plan of buying such bonds.

5. Secretary Vinson hopes to know shortly after conferring with a committee of insurance executives headed by George Harrison, president of the New York Life Insurance Company, and a bankers' committee, headed by W. Randolph Burgess of New York, details as to the goal and types of securities to be offered by the Treasury in its victory bond drive.

6. The Secretary vigorously denied rumors that redemption of war bonds would be frozen declaring that payment of the bonds by the Treasury was a "contractual obligation."

Mr. Vinson was asked repeatedly about his views on various aspects of the tax situation, but declined as often to state the Treasury's position other than to say that his personal views had been expressed in his July 1 report as Director of War Mobilization and Reconversion.

In that report he called modernization of the Federal tax structure the "foundation" of the whole program for "full employment," and asked for repeal of the corporate excess profits tax after V-J day, removal of other taxes which impede the expansion and development of business enterprise, and action as soon as possible to remove the uncertainties in the tax situation which make business decisions difficult.

In that report he also called for lightening of the excise taxes and declare dthat "the personal income tax must be the chief source of tax revenue and the base must be broad."

Secretary Vinson said he hoped for early tax action by Congress and said the Treasury would be ready with recommendations whenever the tax committee wants to hear them.

Farm Tractors for Europe

The United Nations Relief and Rehabilitation Administration has announced that it will send 14,500 tractors to help liberated European countries start raising their own food quickly, the Associated Press reported from Washington, June 16, adding that UNRRA estimates that that number of tractors should make possible the cultivation of 2,900,000 acres, or enough to produce under normal conditions about 1,500,000 tons of cereals.

Herbert H. Lehman, UNRRA Director, said that 13,000 of the tractors would be procured in this country.

Countries receiving the tractors fall into two classes—those who are able to pay for them and those who are receiving UNRRA financial assistance. They are distributed as follows:

Paying: France, 3,798; Italy, 810; Netherlands, 530; Norway, 330; Belgium, 150; Denmark, 70.

Non-paying: Poland, 3,526; Yugoslavia, 2,500; Czechoslovakia, 1,500; Greece, 1,261; Albania, 25.

Of these, 8,297 are scheduled to be shipped by the end of this month.

Grew Resigns From State Department, Acheson Successor

Following the announcement on Aug. 13 of the resignation of Dean G. Acheson as Assistant Secretary of State, it was made known at the White House on Aug. 16 that Joseph C. Grew had resigned as Under Secretary of State and that Mr. Acheson had been named to succeed him.

Special advices from its Washington bureau to the New York "Herald-Tribune" Aug. 16 stated that the appointment of Mr. Acheson to serve immediately under Secretary James F. Byrnes was made public as a report on the State Department's "structure," prepared by the Budget Bureau and understood to recommend many important changes, was believed to be under study. The advices from which we quote added:

"Although Mr. Grew, 65, who has been with the department for more than 41 years and is now over the retirement age, had been expected to step aside, the elevation of Mr. Acheson, 52, came as a surprise. His resignation as Assistant Secretary had been recently reported as accepted, and it had been widely believed that he wanted to re-enter private business.

"Mr. Acheson, however, has been one of the Department's most effective witnesses before Congressional committees in pressing the Administration's foreign policy aims. For that reason, with William L. Clayton, another Assistant Secretary, he had been rated as one of the two top-ranking State Department officials most likely to survive a shakeup."

Earlier Associated Press advices (Aug. 13) stated that Mr. Acheson was the Department's Assistant Secretary for Congressional Relations and International Conferences. These advices also said:

"It was his second time in government service. Previously he had been Under Secretary of the Treasury, under the late President Roosevelt, serving from May to November, 1933. He resigned that office after a dispute with Mr. Roosevelt over the question of devaluation of the gold content of the dollar.

"At the request of Cordell Hull, then Secretary of State, Mr. Acheson left his private law practice in 1941 and returned to Government service as Assistant Secretary."

In his letter submitting his resignation to President Truman, Mr. Grew stated that "when President Roosevelt and Mr. Stettinius as Secretary of State asked me last September to take the position of Under Secretary of State, I accepted, with high appreciation, for the duration of the war. The war now being over, I respectfully request that my resignation, submitted when you became President, be accepted." He added that "having served our Government for 41 years and having passed the age of retirement from the foreign service, I feel that the proper time has come to lay down the responsibility of public office."

President Truman, in accepting regretfully the resignation of Mr. Grew, said: "After more than two-score years of service you are certainly entitled to some rest and relief from the burdens of government." The President further stated in part:

"I am delighted, however, that you have assured the Secretary of State that you are going to be available to him for advice and consultation, and for any service that he may require.

"May I on behalf of the nation give you this personal word of thanks for your long, faithful and efficient service during all these years. I am sure that you can look back with great satisfaction on your long career of public service."

The Financial Situation

(Continued from first page)

ianism, under whatever name it may be masquerading, is obviously pandemic the world over. But surprising or not it is a fact which the American people can ignore or forget only at their own peril.

Assuming Authority

The Administration is New Dealish not only in the nature of the programs it is undertaking or planning, but apparently also in its tendency to disregard the plain meaning of statutes under which it operates, or to stretch and strain the authority granted it to cover whatever it wishes to do at the moment. Take the following sentences found in the Executive Order on reconversion issued last Saturday: "Officials charged with the settlement of labor disputes in accordance with the terms of Executive Order 9017 and Section 7 of the War Labor Disputes Act shall consider that labor disputes which would interrupt work contributing to the production of military supplies or interfere with effective transition to a peacetime economy are disputes which interrupt work contributing to the effective prosecution of the war."

The American people would do well to study these words most thoughtfully—and prayerfully. They should study the order and the statute to which reference is made. Is there really anything in either which would empower the Chief Executive to take action on the ground of interruption of "work contributing to the effective prosecution" of a war which no longer is being prosecuted? Could any labor dispute of the sort the President evidently has in mind in any realistic sense "interrupt" whatever technical prosecution of war may continue? If the authority claimed is to be found in the Executive Order cited, where does that Order find its legislative sanction? If the law seems somehow to sanction either the Order cited or the Order now made, where does that law find its sanction in the Constitution of the United States?

We thus refer to this particular part of the Executive Order now issued not only because it is important in its own right, but by reason of the fact it will be clear upon reflection that the reasoning which led to the formulation of such ideas and the logic—if such it can be termed—which led to the supposition that the President has power to issue such an Order underlies much if not most of the plans which have been formulated among the control agencies in Washington. If the wholly unprecedented and really staggering amount of authority which has been bestowed upon the Chief Executive, or been assumed by him, is to be regarded as continuing so long as the war is technically in progress, that is to say until formal peace relationships have been officially declared to exist as regards all our enemies, and if at the same time we take at their face value what appear to be official plans for dealing with such countries as Germany and Japan — then the American people may as well reconcile themselves to an existence under virtual dictatorship for a generation—unless of course they can gain their own consent to assert themselves vigorously and conclusively in the premises.

As an excellent beginning in its consideration of all these matters the American people might very well begin with a careful study of the opening paragraphs of the Executive Order issued on Aug. 18. Here they are:

> By virtue of the authority vested in me by the Constitution and the statutes of the United States, and particularly the War Mobilization and Reconversion Act of 1944, the First War Powers Act of 1941, the Second War Powers Act of 1942, as amended, and the Stabilization Act of 1942, as amended, and for the purpose of fully mobilizing the resources of the Government in this final stage of the war emergency, in order to promote a swift and orderly transition to a peacetime economy of free, independent private enterprise with full employment and maximum production in industry and agriculture and to assure the general stability of prices and costs and the maintenance of purchasing power which are indispensable to the shift of business enterprises from wartime to peacetime production and of individuals from wartime to peacetime employment, it is hereby ordered as follows:
>
> I
>
> 1. The guiding policies of all departments and agencies of the Government concerned with the problems arising out of the transition from war to peace shall be:
>
> A. To assist in the maximum production of goods and services required to to meet domestic and foreign needs, (1) by assuring assistance in making available materials and supplies required for the production of such goods and services; (2) by providing assistance to the conversion and utilization of war plants and facilities, both privately and publicly owned; and (3) by providing effective job placement assistance to war workers and returning service men and women.

Stabilization Steps

> B. To continue the stabilization of the economy as authorized and directed by the Emergency Price Control Act of 1942, as amended, and the Stabilization Act of 1942, as amended, (1) by using all powers conferred therein and all other lawful means to prevent either inflation or deflation; and (2) while so doing, by making whatever modifications in controls over prices, wages, materials and facilities are necessary for an orderly transition from war to peace. . . .

To be sure some sentences follow about removing wartime controls—so far as the administrators are convinced that such removal is feasible in light of the general instructions given—but we are certain that the reader will agree with us that the emphasis is upon things which in essence constitute a "managed economy." If there is doubt in their mind let them read these sentences which follow:

> The Price Administrator and, in the exercise of his price responsibilities under the law, the Secretary of Agriculture, shall, subject to such directives provided for by law as may be issued by the Economic Stabilization Director, take all necessary steps to assure that the cost of living and the general level of prices shall not rise. Subject to such authority, the Price Administrator and, in the exercise of his price responsibilities under the law, the Secretary of Agriculture, are authorized to make such adjustments in existing price controls as are necessary to remove gross inequities or to correct maladjustments or inequities which would interfere with the effective transition to a peacetime economy. In order that any price increases found necessary for these purposes will not result in an increase in the cost of living or in the general level of prices, the Price Administrator and the Secretary of Agriculture respectively shall (1) so far as is reasonable, practicable and necessary for this purpose, see that such price increases do not cause price increases at later levels of production or distribution, and (2) improve and tighten price controls in those fields which are important in relation to production costs or the cost of living in which in their judgment the controls have heretofore been insufficiently effective.

We think that it is clear beyond any peradventure of a doubt that the Administration (1) definitely envisages a "planned" and fully "controlled" reconversion to peacetime economy, and (2) gives evidence of gross misconceptions of the real problems and difficulties of that transition. The real dangers to that full production to which the Administration rightly attributes so much importance are, we believe, to be found precisely in the interferences which the Administration plans to undertake—no matter how good its intentions. The problem is not likely to be one of a want of "purchasing power" or unwillingness to use it, as Washington appears at times to suppose, but of a super-abundance of funds and an unwillingness to await full production of the goods desired—which may be long delayed by governmental meddling.

English Gold and Silver Markets

We reprint below the quarterly bullion letter of Samuel Montagu & Co., London, written under date of July 2.

GOLD

The most interesting event of the three months under review was the raising of the price at which the Treasury will purchase gold from 168s. 0d. per fine ounce (at which it had stood since Sept. 5, 1939) to 172s. 3d. per fine ounce; the new figure was operative as from June 9th 1945, the date the announcement was made. The increased price applies not only to gold purchased in London through the Bank of England, but also to the whole sterling area and, in the case of purchases from Empire gold producers, the advance has been made retroactive from Jan. 1 of this year.

As the price is still based on the $35 per fine ounce at which gold can be realized for dollars in New York, the alteration does not signify any basic change, but represents only the estimated difference between the cost of shipping, insurance, etc., ruling during the course of the war in Europe, and the greatly reduced expenses likely to be incurred now that hostilities in that area have come to an end.

The price at which the Bank of England will purchase sovereigns was, at the same time, raised from 39s. 3d. to 40s. 3d. per sovereign.

In returns issued up to and including June 6, 1945, the amount of gold held in the Issue Department of the Bank of England remained unchanged at £241,718, valued at 168s. 0d. per fine ounce; in the return dated June 13, 1945, the amount is shown as £247,833, which represents merely the revaluation of the holding at the new price of 172s. 3d. per fine ounce. There has been no further change to date.

The gold output of the Transvaal for the months of March, April and May, 1945 are given below, together with figures for the corresponding months of 1944 for the purpose of comparison:

	1945	
March	1,036,443	fine ounces
April	1,028,544	" "
May	1,030,990	" "
	1944	
March	1,038,414	fine ounces
April	995,915	" "
May	1,058,875	" "

SILVER

The official quotation of 25½d. per ounce .999 fine for both cash and two months' delivery ruled unchanged throughout the period under review. There were no new developments and features were confined to selling from official stocks to meet the requirements of essential war industries; this demand, as was to be expected with the end of the war in Europe, lately showed a tendency to slacken.

Prices in Bombay showed an erratic tendency and as during the first quarter of the year, the second three months saw fairly wide fluctuations and quotations ranged between Rs. 123 on May 8, and Rs. 137.9.0 per 100 tolas on June 19; the sterling equivalents of these figures approximate 59d. and 66d. per ounce .999 fine respectively. Sales by the Reserve Bank of India continued, although the amount made available daily declined gradually from 300 bars in April to 100 bars towards the end of June.

In the Annual Report of the Director of the U. S. Mint for the fiscal year ended June 30, 1944, details are given of silver released to foreign governments under lend-lease arrangements during the period August, 1943 to June, 1944 inclusive. The total for the period was about 211,000,000 ounces and of this amount some 120,000,000 ounces were for India; next in point of size was the Netherlands Government which participated to the extent of 45,000,000 ounces, the United Kingdon received 27,000,000, Australia 8,000,000, Ethiopia 5,000,000 and Saudi-Arabia 5,000,000 ounces.

Business Failures in May

Business failures in May were lower in number but higher in amount than in April and when compared with May a year ago were lower in number and amount of liabilities involved. Business insolvencies in May according to Dun & Bradstreet, Inc., totaled 72 and involved $2,208,000 liabilities as compared with 90 in April, involving $980,000 liabilities and 148 involving $2,697,000 liabilities in May a year ago.

The retail and commercial service groups were the only classifications having fewer failures in May than in June, the remaining groups having the same number. When the amount of liabilities is considered, the manufacturing and commercial service groups had more liabilities involved in May than in April while the remaining groups had smaller liabilities involved.

Manufacturing failures in May numbered 26 the same as in April but liabilities involved in May amounted to $1,771,000 as against $464,000 in April. Wholesale failures in May numbered 6 the same as in April but liabilities involved were down to $99,000 in May from $107,000 in April. Retail trade insolvencies were down to 28 in May with liabilities of $175,000 from 43 in April with $215,000 liabilities in the construction group there were 7 failures in May the same as in April but liabilities involved were down to $102,000 in May from $140,000 in April. Commercial service failures decreased to 5 with $61,000 liabilities in May from 8 in April with $54,000 liabilities.

When the country is divided into Federal Reserve Districts it is found that only the Boston, Philadelphia, and Kansas City Reserve districts had more failures in May than in April, the Atlanta, St. Louis and Dallas Reserve districts did not have any and the remaining districts, with the exception of the Minneapolis Reserve District which had the same number, had fewer failures in May than in April. When the amount of liabilities is considered it is seen that the Cleveland, Richmond and St. Louis Reserve districts were the only districts that had less liabilities involved in May than in April, with the exception of the Atlanta and Dallas Reserve districts which did not have any in either April or May.

Tenth Anniversary of Social Security— Truman Asks for Expansion of Program

The Social Security Act was ten years old on Aug. 14, and on the eve of its anniversary President Truman called for an expansion of the program to give the American people "adequate protection," adding that he plans to offer Congress "specific recommendations looking toward this objective," the New York "Times" reported in a special dispatch from Washington on that date.

The Federal Security Administrator, Paul V. McNutt, also issued an anniversary statement, the "Times" said, reporting that 4,250,000 men, women and children in all sections of the country are now receiving cash benefits from the system, aggregating $111,000,000 a month.

Mr. McNutt's report came from the Social Security Board's Chairman, Arthur J. Altmeyer, who noted that since the legislation became effective on Aug. 14, 1935, payments to individuals have totaled about $9,000,000,000. The advices added:

"At present, Mr. Altmeyer said, the payments under unemployment compensation are much lower than expected in view of cut-backs in war production. On Aug. 1 about 90,000 persons were receiving weekly benefit payments in partial replacement of wages lost through unemployment, the benefits averaging about $18 a week.

"Under this program more than $2,000,000,000 has been paid out up to the start of 1945, although only one state started paying benefits prior to 1938 and 20 states did not begin payments until some time during 1939, the report added.

"This insurance system, designed to replace about half the wage loss of insured workers during a limited number of weeks, is considered by the Board as the first line of defense for the families of about 36,000,000 insured workers during the reconversion period and was designed primarily to tide families over between jobs in times of relatively full employment.

"At the start of the current fiscal year the employment funds of the various states amounted to $6,679,000,000. This, Mr. Altmeyer pointed out, leaves the country much better prepared to meet the shock of post-war transitional unemployment than was the case at the end of the last war, when no unemployment compensation system was in effect.

"Monthly benefits under old-age and survivors' insurance were paid first in April, 1940, and the total of monthly and lump-sum payments by July, 1945, amounted to $900,000,000. As of July 1 about 1,285,000 men, women and children were on the rolls for benefits amounting to $23,600,000 a month."

President Truman's anniversary statement read, according to the New York "Times":

"In a world still at war it is well that we pause to celebrate one of the great peacetime achievements of the American people, namely, the enactment of the Social Security Act. It is only ten years ago that this act became law. Yet in this brief period of time social security has become an essential part of the American way of life.

"We have a right to be proud of the progress we have already made in this field. We have a national system of old-age and survivors' insurance under which forty million workers are insured not only for old-age annuities but also for monthly benefits to their wives, children, and dependent parents in case of the worker's death. Already there are well over one million beneficiaries actually receiving monthly checks under this insurance system.

"We have a nation-wide unemployment insurance system brought about by Federal action but administered by the states, under which 36 million workers are provided some protection against wage loss due to involuntary unemployment.

"We have provided Federal grants-in-aid to the states to enable them to pay cash assistance to the needy aged, the needy blind, and dependent children. Today two and three-quarter million men, women, and children are receiving this assistance. In addition, there are other provisions of the Social Security Act which promote child welfare and public health.

"But while we have made progress we still have a long way to go before we can truthfully say that our social security system furnished the people of this country adequate protection. Therefore, we should lose no time in making of our Social Security Act a more perfect instrument for the maintenance of economic security throughout this country.

"I expect to present to the Congress specific recommendations looking toward this objective.

"A sound social security requires careful consideration and preparation. Social security worthy of the name is not a dole or a device for giving everybody something for nothing. True social security must consist of rights which are earned rights—guaranteed by the law of the land. Only that kind of social security is worthy of the men and women who have fought and are now fighting to preserve the heritage and the future of America."

Guylay to Open Public Relations Office in N. Y.

L. Richard Guylay, for the past seven years Executive Vice-President of the Citizens Public Expenditure Survey, has announced his resignation effective Sept. 1 to open his own public relations office at 30 Rockefeller Plaza in New York City. The Citizens Public Expenditure Survey is the statewide taxpayer association with headquarters in Albany. Mr. Guylay is also Chairman of the national coordinating committee representing 36 state taxpayer associations and a member of the New York State Economy Commission. He will be succeeded in the taxpayer group by Walter O. Howe of Olean, a Vice-Chairman of the organization for many years.

Mr. Guylay, born in New York City, joined the Tax Foundation in 1938 and when the Citizens Public Expenditure Survey was formed, he became its first executive head. The Citizens Public Expenditure Survey organized the taxpayers "march on Albany" in 1939 and again in 1940. In the latter year, it is stated, 10,000 persons attended the hearing on the State budget for the largest such gathering in history. As a result of these demonstrations the State budget was cut for six consecutive years, several new taxes were avoided and existing taxes were reduced, including a 30-50% reduction in the personal income tax.

Other officers of the Survey are: James H. Moseley, Chairman; Hart I. Seely, President; Norman J. Gould, Vice-Chairman; A. Vedder Magee, Vice-Chairman, and George W. Brooks, Treasurer.

Vogel Sec. to Comm. Of Bank Auditors

Appointment of Alvin J. Vogel as Secretary to the Research Committee of the National Association of Bank Auditors and Comptrollers was annouced on Aug. 14 by the Association's President, John C. Shea. Mr. Shea is Assistant Vice-President of the Whitney National Bank, New Orleans, La. Mr. Vogel recently resigned as Assistant Cashier of the Lake Shore National Bank of Chicago, and took up his new duties in the Association headquarters office at Chicago on Aug. 6th. He had been with the Lake Shore National Bank since 1925, where he managed several operating departments and specialized in bank operations technique. He was a member of the bank's operating committee and spent considerable time in developing and installing new systems. He is an active member of the Chicago Chapter, American Institute of Banking, and the Office Management Association of Chicago. He served last year and has been reappointed to again serve on the Bank Methods and Operations Committee of Chicago Chapter, American Institute of Banking.

Mr. Vogel's work with N.A.B. A.C. will be to assist with, and coordinate, the work of the National Research Committee, headed by Ottmar A. Waldow, Comptroller, National Bank of Detroit. Work of the committee as presently outlined consists of one sub-committee to prepare a step-by-step cost accounting procedure which individual banks both large and small can readily follow, leaving out any phases which may not be applicable to them. The study at present will cover commercial and savings departments, and eventually will be extended to trust departments. Harold Randall, Vice-President, First National Bank of Boston, will be chairman of the sub-committee making this study. Another project will be on the subject of accounting and auditing for small banks. O. B. Lovell, Comptroller, First National Bank, Madison, Wis., will head this sub-committee. A third will study the original basis for F.D.I.C. assessments, and seek to determine whether changes are indicated. Chairman of this study will be William Widmayer, Comptroller, of the Guaranty Trust Co. of New York City.

The Research Committee has also decided to establish at the headquarters office a central file in which will be compiled material relating to operating procedures, for dissemination to association members upon request.

German Prisoners Put To Work in France

German prisoners of war by the thousands are being used to recondition and prepare equipment, repair roads, and do the general hard work of making ready the transfer of American troops and supplies from the European to the Pacific theatre, the Associated Press reports from Paris, May 17. Under the eyes of American guards their labors are serving as the first instalment on their country's huge debt to the world. They are not receiving much compensation; it is not in cash, and eventually Germany will foot the bill. This is what the prisoners get, according to the Associated Press:

Enlisted men—Ten cents a day, whether they work or not; 70 cents a day additional if they work.

Officers—Lieutenants, $20 a month; captain, $30; majors up to field marshals, $40, all plus an allowance of slightly more than the enlisted man's 10 cents a day.

Britain pays prisoners on a slightly different scale, but the primary pattern is the same.

Senator Vandenberg Urges Defining Powers Of United States' World Agent

Senator Arthur H. Vandenberg (R.-Mich.), in a letter to Secretary of State Byrnes, has proposed that legislation be enacted to define the method of choosing the United States' representative on the Council of a world security organization and outlining specifically the scope of his duties and authority. The Senator listed seven provisions he thought such legislation should embrace, including power for the nation's delegate to commit its military quota in the international organization to action upon the President's instruction to do so and without reference to Congress.

One of the chief proposals contained in the Senator's message to Secretary Byrnes was that stressing the importance of assuring within the international setup that responsibility for the maintenance of peace in the Western Hemisphere should be vested solely in the American republics.

Obviously this point highlights an issue which might be controversially delicate. Senator Vandenberg has made the position of the United States quite clear, however, from his standpoint, which is expressed in the letter as given below in its entirety, quoting from the Associated Press Washington release of Aug. 5:

"It has been appropriately suggested that the State Department should study and report on the question whether an implementing statute is necessary to establish our representation on the Security Council of the new United Nations Organization, and if so, to recommend its form. I hope this will be done. In any such connection I wish to submit my view for your consideration.

"I wish to state, first, that I believe such a statute is necessary because (A) the exercise of this authority by our representative on the Security Council needs to be clearly established and bounded by law, and (B) the promise that this will be done is clearly implicit in the Senate debates which resulted in the overwhelming ratification of the San Francisco Charter. I linger on the latter factor just long enough to say that this healthy spirit of legislative cooperation should be encouraged by the fullest possible recognition of the legislative prerogative in the evolution of this great peace adventure.

"Furthermore, we must take extreme care that we proceed always within 'constitutional process.' In my view this can be done without impairing the necessity that the United Nations Organization, in the first instance, must be able to move with swift and certain expedition in the use of cooperative force to keep the peace if any such necessity arises.

"Let it be remembered, in this connection, that a subsequent agreement is to be made between the Security Council and our Government—an agreement ratified either by two-thirds of the Senate or by a majority of both House and Senate—covering our quota of armed forces to be held potentially available for this cooperative purpose. I take it that this initial quota will be a 'policing' quota and not a 'war' quota

"In any event, this is a matter within our own subsequent control. It is also to be remembered that any resort to sanctions, whether military or otherwise, is subject to our veto on the Security Council. It is, of course, this latter fact which makes the action of our own delegate on the Securtiy Council of such national importance to us, to our Congress, and to our country.

"I believe, therefore, that this presents us with a unique situation which requires a statute governing the selection, in the first instance, and the action, in the last instance, of our representative on the Security Council. Such being the fact, I respectfully present my own preliminary view regarding the proper character of such a statute.

"(1) Our delegate on the Security Council should be nominated by the President and confirmed by the Senate. He is thus, of course, removable by the President.

"(2) Our delegate should have the rank, pay and general status of an Ambassador. I take it that this would mean he will at all times act pursuant to the instructions of the President. Therefore, in fact, the President will be making the actual decisions in respect to the use of our armed forces or our participation in any sort of sanctions. It would, of course, be unthinkable — and wholly without constitutional warrant—if these decisions were made on his own responsibility by a non-elected Presidential appointee. If it is necessary to spell this out it should be done.

"(3) The President should be required to make annual reports to Congress respecting our activities in connection with the work of the United Nations Organization; and immediate special reports whenever he instructs our delegate to vote for sanctions, whether military or otherwise. This will leave the President free to act, as must be the case if this phase of the Charter is to be effective. I believe there is ample constitutional authority and long precedent to justify this Presidential initiative. At the same time it will keep Congress currently advised regarding any movements which might graduate into war (which is an exclusive Cogressional prerogative) and free to assert its attitude if, as, and when it wishes.

"(4) The President and his delegate should be completely free, without contemporary reports, to take any of the actions for the peaceful settlement of disputes as contemplated by the Charter. I say again that, in my view, this formula for peaceful settlement is the real genius of the Charter.

"(5) The President should be required to obtain explicit congressional authority for the commitment of any armed forces beyond the quota established in our basic agreement with the Security Council.

"(6) In this statute, or in the subsequent quota agreement, we required to obtain explicit connection with our inter-American allies and pursuant to the treaty which will soon implement the Act of Chapultepec, the exclusive responsibility for any armed forces required to maintain peace and security in the Western Hemisphere. I doubt whether we shall ever want any other armed forces to enter this area.

"(7) Our delegates to the General Assembly should be appointed annually by the President, subject to confirmation by the Senate.

"I do not mean here to say 'the last word' in respect to any of these matters. I simply present a general and tentative view of the factors which occur to me, in a preliminary way, as calculated to provide the freedom of action which the United Nations Organization must have in order to fulfull its final functions in behalf of international peace and security, while at the same time preserving our own essential constitutional balance and our essential protections.

"We must find the way to integrate these factors because we must find the way, in full good faith, to make the San Francisco Charter work."

Snyder Reports Reconversion Program

(Continued from first page)

seen, will make possible the attainment of the four major economic objectives which face us in the months ahead. These objectives I conceive to be:

(1) Jobs for all those willing and able to work.

(2) A steadily rising standard of living.

(3) Stabilization of our economy to avoid disastrous inflation or deflation.

(4) Increased opportunities for farmers and business men.

In fact, the urgent need to increase peacetime production is the keystone of all the Government's economic policy and planning. Every step taken by the Office of War Mobilization and Reconversion, and every policy and action of the agencies, which this office coordinates, is oriented to this central goal.

A Drastic Change-Over

Production for peace is in one way quite different from production for war. During the war business men and farmers had one customer for almost half the nation's output. The Government not only created the market but specified exactly what kind, shape and size its share of the nation's output should be. Now that peace has come, the American people, as individual customers, will determine what business men and farmers are to produce. Therefore, many controls suitable for war are not suitable for the transition.

Wherever immediate removal of controls will help to get expanded production under way faster, they will be removed.

Wherever the removal of controls at this time would bring a chaotic condition or cause bottlenecks or produce a disruptive scramble for goods, controls will be kept and used.

Their use will be for the protection of the public and business and to expedite the expansion of production. The sooner we increase production the sooner we can be rid of all controls.

The Road to Reconversion

The switch from full wartime output to full peacetime output requires a number of positive and immediate steps. The plant and equipment, materials and manpower engaged in war production must be released by immediate cancellation of all war contracts no longer needed.

Terminated contracts must be promptly settled. Plants must be cleared. Business men must be ready with their plans for peacetime production and expansion, and must move ahead quickly.

The armed services must be demobilized without delay.

Some controls must be removed to speed reconversion and expansion. Other controls must be retained for exactly the same reason.

Prices and rents must be held in line until an abundant supply and sharpened competition can operate to prevent ruinous inflationary rises.

Wages must also be held in line wherever their increase would cause inflationary prices. At the same time measures must be taken to oppose the rapid shrinking of purchasing power if business is to reach and hold high levels of production and employment. Strikes must be held to a minimum.

A Test for America

This task will be a test for all of us. Labor has a vital share, so has management, so has agriculture, so has the general public. The Government, as the representative of all elements of the public, will do its part to assist and encourage this great cooperative effort toward prosperity.

We already have gone some distance toward shifting our resources to peacetime purposes. In the three months since the victory in Europe, many plants have been released wholly or in part from war contracts. Some peacetime manufacture has already recommenced. Greater reconversion was not possible because the demands of total war in the Pacific limited the number of plants, the amount of materials and manpower that could be made available for civilian production.

Now we no longer have any major war requirements to prevent our energies being directed toward peacetime prosperity. The moment of great challenge and opportunity is here.

The next few weeks and months we shall have many decisions to make. We cannot make millions of job shifts, cut off billions of dollars in war contracts, radically change the character of our national output, without meeting many unexpected situations. Our basic policies are set. Our strategic objectives are clear. We must be prepared, however, to change and adjust our tactics to meet new problems and take advantage of opportunities as they arise.

The Reconversion Team

To assure that the Government can move with the maximum freedom and effectiveness, the Office of War Mobilization and Reconversion is working closely, day by day, with the war and reconversion agencies. It is clarifying procedures and pulling into close alignment the decisions and actions which affect our economy as a whole.

My predecessors, Secretary Byrnes and Secretary Vinson, inaugurated meetings with the heads of the various war agencies in order to formulate policies and to plan and prepare for reconversion. I have continued these meetings regularly and, in addition, have established a reconversion working committee of deputies from the executive agencies to insure that the full efforts of the Government are thrown, as a team, into this important task.

I do not minimize the task ahead, but I am confident of the outcome. The American people have overcome the problems of war. It is unthinkable that we should not overcome the problems of the peace.

We know that for a period we shall experience sharp unemployment. This is the inevitable result of men and women being released from war work and the armed services faster than it is possible for business to reemploy them.

But we are not going back to long periods of mass unemployment. Labor is determined, businessmen are determined, farmers are determined, the man in the street and his Government are determined that we shall put our productive capacity to work producing goods and services for peace. And we shall need tthese goods for we have a pent-up demand at home and abroad that together will tax for some time our capacity to produce.

None of our economic planning would be complete without special recognition of the urgent needs of the liberated areas. We must play our part in supplying the minimum requirements to assist these countries to get back on their feet, not only to preserve peace and order, but so that once more they can take their place as suppliers and customers in a prosperous world economy.

Our goals will not be reached in a week or a month. But we are taking the first steps toward them. This report makes no attempt to picture a complete program. There is no place in our free economy for a master blueprint which will rigidly prescribe each move at every turn of the road. Nevertheless, careful plans have been laid by various agencies of Government under the guidance and direction of the Office of War Mobilization and Reconversion. They will be revealed by the heads of agencies and by the subsequent acts of these agencies as the nation proceeds to unwind its wartime economy and to switch to peacetime production.

The Office of War Mobilization and Reconversion is determined to pursue a positive and vigorous course to achieve peacetime prosperity, just as it has in the winning of the war. This interim report sets forth the principles that will guide us in the reconversion.

List Important Questions

The next few pages highlight some of the important questions that V-J Day has raised and gives some specific answers. Following these highlights are a series of questions and answers covering many of the main points of reconversion. I should warn that some of the figures used are estimates reaching into the future, and as such are subject to error. Nevertheless, they represent the best opinion and calculations of your Government at this time, and the public is entitled to have them.

I. Military Contracts

All military contracts are being terminated immediately, except those required for experimental and development purposes and for the maintenance and supply of the armed forces.

The War Department is taking immediate action to cut its procurement of aircraft, artillery, ammunition and other weapons by 94 to 100%. The largest continuing item in Army procurement will be in food and this will be cut as fast as demobilization will permit.

Navy reductions will be smaller and more gradual.

II. Demobilization

Demobilization from the armed services will return at least 7,000,000 men to civilian life within the next year. At present the Army is demobilizing at the rate of 170,000 per month. Within several months the rate is expected to reach 500,000. The Army will demobilize on the same basis as formerly, releasing first those men with longest combat service and greatest number of dependents. The Navy plans to demobilize some of its personnel almost immediately. Both the Army and the Navy will continue to draft, on a reduced basis, some men to replace those of longer service. The Congress will decide on peacetime draft policies when the "cessation of hostilities" is declared.

III. Unemployment and Manpower

All controls over manpower are to be removed and the compulsory 48-hour week ended at once. The United States Employment Service will devote its best efforts to finding jobs for displaced workers and veterans and assisting claimants for unemployment compensation.

Unemployment currently is estimated at 1,100,000 persons. This represents the total without jobs on a given day, many of them being persons "between jobs." This total of unemployment is expected to rise to 5,000,000 or more within three months; perhaps to 8,000,000 before next spring as those released from war jobs are joined by large numbers of men discharged from the armed services. Many of the unemployed will find new jobs within a few weeks—others will face extended periods without jobs.

IV. Production and Distribution Controls

Many production and distribution controls will be removed at once. Only those will remain in force which are essential for expediting production, breaking bottlenecks, preventing inventory hoarding, and assuring economic stabilization. Rationing of certain scarce commodities must continue for a while. Restrictions on others will be lifted immediately. Transportation regulations must continue temporarily. How long controls are continued depends on how much and how quickly business can expand its output.

V. Price and Wage Control

For some period of time the dangers of inflation will be with us. There will be more demand for many kinds of goods and services than business can supply. As long as some materials and products remain seriously short, price ceilings on those materials and products must be maintained as a barrier against inflation.

Rent controls also must continue. While price and rent ceilings remain in force, wage stabilization must be continued. Wherever price ceilings will not be endangered, collective bargaining will be restored. Wage and price increases will be allowed to correct substandard pay scales, to relieve hardships of individual workers and enterprises and, where necessary, to stimulate increased production.

VI. Legislative Program

In order to speed reconversion and to mitigate the extremes of hardship during the transition period a number of legislative enactments are needed.

These include increased unemployment compensation benefits, revision of the Fair Labor Standards Act to increase minimum wages, tax program to stimulate production and to maintain markets, appropriations for the planning and execution of public works, adequate appropriations for the United States Employment Service and retention of this service under Federal control during the interim of transition.

QUESTIONS AND ANSWERS

Demobilization and the Draft

1. How fast will the Army demobilize its men?

A. As rapidly as possible. At present the Army is demobilizing at the rate of 170,000 per month. The peak probably will be about 500,000 a month. In the course of the next year, the Army expects to return about 5,000,000 officers and enlisted personnel to civilian life. Those who are left will be used for the occupation of Germany and Japan and for the United States bases and home stations.

2. How quickly will the Navy demobilize its men?

A. The Navy will start some demobilization immediately. Eventual total of demobilization will depend upon the peacetime size of the Navy and upon what areas the Navy is required to control.

3. How fast will the uniformed women's services be demobilized?

A. Demobilization of all women's services will follow a pattern similar to that of the men's services. The acts governing enlistment of women require that they be released within six months after formal proclamation by the President, or by the Congress, that hostilities have been terminated. Wives of demobilized service men may be released on their request.

4. On what basis, and in what order, will men be released from the armed services?

A. The Army's point system of releases, discharging first those men with the longest and best combat records, and the largest numbers of dependents, will be continued. The present "critical" point level of 85 will be lowered by stages so as to implement this system. The Navy is expected to follow a similar plan. When necessary for increasing essential production, the release of specially qualified men will be speeded.

5. Will the draft be continued in order to provide replacement for occupation and maintenance troops?

A. The draft will continue on a reduced basis, to effect the release of long-service men in the Army of Occupation, until the Congress formally declares the cessation of hostilities. At that time the Congress will determine whether the draft will be continued in peacetime.

6. How quickly will munitions manufacture be halted?

A. Cancellation orders already are going out from the War Department and from the Navy. The Army is slashing purchases of aircraft and weapons by 94 to 100%; the Navy by a smaller percentage. The Navy has just cancelled ship building contracts which total $1.5 billions. Further cancellations now being made of various types of Navy contracts will total $9 billions. The War Department is cutting its procurement from a total of $2.4 billions a month to $435 millions, of which $268 millions will be for food. All purchases of construction, railway, telegraph and telephone equipment will cease immediately. Gasoline purchases will drop 44%, textile items 75%. In terms of materials, the Army cancellations will eliminate 99% of its steel and 98% of its copper and aluminum consumption.

7. Will any munitions contracts be retained in order to cushion the shock of cancellations?

A. No. The War Mobilization and Reconversion Act, as passed by Congress, prohibits continuation of any war contract merely to provide business or employment.

8. What industries previously used by the military can be continued with no change, or slight change of facilities, to produce for civilian consumption?

A. Manufacture of many articles for the military can be continued for peacetime, such as bulldozers and other construction machinery, lumber, drainage pipe and plumbing and heating equipment, processed food, and the like. Mining, smelting, and processing of raw materials such as iron and steel, copper, and aluminum, will likewise continue without the necessity of reconversion. Many industries have also continued on a limited scale to produce their peacetime products, largely for the use of the military, and this production can quickly be expanded for civilian consumption. For example, although some 25% of the commercial refrigeration and air conditioning industry capacity was converted to war production of such items as ordnance, airplane engine mounts, etc., the rest of the industry continued to produce at the peacetime rate of $200 million annually, 60% of the products for military use and the rest for essential civilian needs. Other industries, such as textile plants, will require relatively small reconversion to expand civilian production.

9. How quickly can reconversion be accomplished?

A. While most plant reconversion can be accomplished within a few months, at least 12 to 18 months may be required to reach the expanded peacetime economy which is needed for full employment. The construction industry will require even longer to organize manpower, planning, equipment, and supplies to reach the anticipated $15 billion level necessary for a fully employed economy.

10. How will cancellations be distributed and how will plants and workers be notified?

A. In most cases, the cutbacks will be so large that little choice in distributing them will be possible. To comply with the War Mobilization and Reconversion Act and to prevent wastage of valuable materials, no advance notice is possible for VJ-day cancellations.

11. What machinery has been set up to settle canceled contracts?

A. The Office of Contract Settlement, set up by Congress, and contracting agencies have long been working on procedures for speedy settlement of contracts. Some 30,000 contractors and their employees have been trained in special courses and know the settlement methods. Nearly 150,000 terminated contracts, involving canceled commitments of over $22 billion, have been settled to date.

12. What machinery has been set up to speed plant reconversion?

A. Last summer the War Production Board moved to permit preliminary reconversion steps, authorizing experimental models and placing of machine-tool orders. Following VE-day the agency immediately undertook to stimulate reconversion in all plants that could possibly be spared from production for the continuing war with Japan. Shortages of materials, manpower, and, in some cases, facilities resulting from the continuing tremendous needs for the Pacific war have necessarily limited this program. Recently, it has been possible to accelerate the retooling and reequipping of plants. For example, the automobile industry has been granted priority ratings for more than $150 million worth of equipment, construction, and tools. The War Production Board will continue to give priority assistance where necessary to break bottlenecks in reconversion or plant expansion. Detailed plans have been made by the Office of Contract Settlement and the procurement agencies for prompt clearance of war plants.

13. What machinery has been set up to dispose of surpluses?

A. Various Government agencies dispose of surpluses under direction of the Surplus Property Board which was established to formulate policy. A coordinated program has been worked out to get such surplus property into the hands of business and the public as soon as possible, at the same time avoiding disruption of the civilian supply economy. State and local governments, small business and veterans are receiving the priorities to which they are entitled by law.

Through full cooperation between the war agencies and the Reconstruction Finance Corporation, under the guidance of the Surplus Property Board, provisions have been made for speedy disposal of Government-owned plants and equipment through lease or sale. Negotiations for the disposal of plants and equipment can be undertaken even before the property becomes surplus or work with the facilities has ended. In this way assurances of early civilian production with Government facilities and assurances of employment should be possible promptly.

14. What materials are available for immediate use for civilian production?

A. With a few important exceptions, most raw materials will soon be plentiful. Materials which will continue scarce are:

(a) **Rubber.** There will be plenty of rubber, both synthetic and reclaimed, for the industries which can use it. Crude rubber is expected to remain scarce, however, until damaged plantations in the Orient can be restored to production and transportation supplied. Tire supplies will increase but will not be adequate to meet all demands for a few months. A prompt survey will be made of the crude rubber situation, including the relationship between synthetic and natural rubber.

(b) **Tin.** Present indications are that large scale supplies from the Far East cannot be expected in less than one year. However, surrender without destruction of facilities may shorten the interval.

(c) **Lumber.** Despite reduced military use and increase in available manpower, lumber is expected to be scarce for a considerably period. This situation would impede regeneration of the important construction industry, and Government agencies have started a program to increase production by dealing with price, wage, equipment, and recruitment problems. With an increase in manpower, steps will be taken to put the 10,000 small idle sawmills back into production.

(d) **Paper Pulp.** The shortage is not expected to end until Swedish pulp is moving into this country in volume.

(e) **Coal.** Coal is short, and probably will remain so throughout the winter. Government agencies have recently undertaken a 7-point program to expand production under direction of the Office of War Mobilization and Reconversion.

There will undoubtedly be unavoidable spot shortages in other materials, due largely to production, distribution, and transportation problems.

15. What will be done to assist small business?

A. The Government is providing positive aids to small business during the transition period. Priorities now granted to small business firms will continue in effect until September 30. Thereafter, in granting priorities to break bottlenecks, the War Production Board will give special attention to bottlenecks affecting individual small business firms. The Smaller War Plants Corporation has a Government priority enabling it to buy surplus equipment and materials for resale to small business, and will aid any small businessman in locating surplus property which he needs. These aids will be extended to veterans who desire to open a business. Financial as well as technical aids will be provided. The OPA Reconversion Pricing Program provides a simple method for small businessmen to compute their own ceilings, subject to OPA review. The specific exemption under the Excess Profits Tax will be increased from $10,000 to $25,000, effective on Jan. 1, 1946. The loan powers of the Reconstruction Finance Corp. and the Smaller War Plants Corp. are available to small business.

16. Will the Government continue to control production and distribution?

A. Wartime controls on production and distribution were imposed for the purpose of eliminating or reducing nonessential production and assuring an orderly distribution of scarce materials and components. Our peacetime goal of maximum production can be best attained by relaxing controls as early as the supply situation permits. However, the premature removal of controls could impede rather than stimulate production through a scramble for materials in short supply with consequent unbalanced production, inventory hoarding, black-market operations, and danger to the entire stabilization program. The policy of your Government is, and will continue to be, directed toward removing controls as quickly as possible. The criteria in implementing this policy include not only the threat of maldistribution and unsound inventory accumulation, but also positive assistance required to break bottlenecks, expand essential production, help small business, enlarge necessary facilities, and assure the most essential production where assistance is absolutely necessary. Some controls will be exercised where needed for assuring the production of low-priced items. More than 200 WPB orders and regulations outstanding on VE-day have already been revoked. Mr. Krug will issue a detailed statement on the reconversion plans of the War Production Board.

Manpower and Employment

17. What will be the amount of unemployment in three months? In six months?

A. Perhaps as much as half of the 8 million workers now employed in war plants will be able to stay with their present employers to produce civilian goods of the same kind they are now making for the armed forces. The number who will be laid off, during the next two months, is estimated to be about four million. The total amount of unemployment will depend on the rate of demobilization of military personnel, and how rapidly reconversion can be accomplished in war plants and how quickly other civilian activities can be expanded. It is expected that there will be five million or more unemployed in three months. By spring unemployment may reach about eight million.

18. What opportunities for employment are now expected to increase sharply?

A. Employment in the production of consumer durable goods such as automobiles, refrigerators, and washing machines will increase promptly and expand rapidly. A substantial increase is also expected in employment in trades and services, in which 11 million persons already are working. There will be a gradual but steady rise in the field of construction. Likewise, an increase in employment opportunities is expected in lumber, mining, clothing, and leather, and at least temporarily in railroads.

19. Will many people drop from the labor market and not seek new jobs when their war plants close down?

A. Yes, substantial withdrawals from the labor market are expected within the next few months, thus helping to ease the problem of finding jobs for those who need them. There are now 3,500,000 women employed who, except for the war, would not have been employed. Many of these are housewives who took jobs while their husbands were in the armed forces, or who worked for patriotic reasons. Besides these, there also are the over-age workers who would normally be retired, and youths of scool age. During the war, from all sources, the total labor force increased seven million above the normal growth. From these groups, it is anticipated there will be withdrawal of about two million by the end of the year.

20. What manpower controls will be lifted?

A. All manpower controls are to be lifted immediately, including the compulsory 48-hour week, and in their place voluntary community action to speed reconversion will be substituted. The full facilities of the United States Employment Service will be made available to all employers, including those for whom services were formerly restricted because of war requirements. The Employment Service will cooperate with labor - management committees and community groups to develop and carry out programs for recruitment of workers for industries whose immediate expansion is vital to reconversion. Mr. McNutt, Chairman of the War Manpower Commission, will issue a more detailed statement.

21. What assistance will be given displaced workers in finding new jobs?

A. Workers who lose their jobs will be given every possible assistance by the United States Employment Service. Increased emphasis will be given by USES in communities throughout the country to job counseling and other personalized services to assist job seekers in adapting their wartime experience to peacetime job opportunities. Displaced war workers, many of whom have migrated during the war, will be guided to other communities where civilian production has expanded. Every city, town, and villiage is expected to cooperate in this effort to find jobs.

22. Will unemployment compensation be available to displaced war plant workers?

A. Most war plant workers are covered by State unemployment insurance. The Social Security Board reports that 30 million workers will be entitled to unemployment compensation if they lose their jobs. However, there is a sizeable group without such protection, including workers in Government installations such as Army arsenals and Navy Yards, maritime workers, domestics, agricultural employees, workers in charitable, religious, and nonprofit organizations, Government employees, and self-employed persons. There are also roughly 2.5 million persons employed in small establishments not covered under State unemployment insurance laws.

23. How do unemployed workers obtain the compensation due them?

A. There are four requirements which must be met before a job seeker is entitled to unemployment compensation: (1) He must have worked for an employer covered by a State unemployment compensation law and have earned enough to qualify under his State law. The length of time and wages required vary in the different States. (2) He must be unemployed. (3) He must be able, willing, and available for work. (4) He must register with the USES for a job. No person is entitled to unemployment compensation if he refuses any "suitable" employment. The definition of "suitable" varies from State to State.

24. Is a person who intends to quit the labor force eligible for unemployment compensation?

A. No. One of the requirements is that a person must be out of work and registered for a new job, must be able, willing, and available for "suitable" work. Thus, women who intend immediately to go back to being housewives are not entitled to compensation, nor are people on vacations entitled to such compensation.

25. How much compensation is paid and for how long?

A. The State laws differ considerably. In such States as New York, New Jersey, Maryland, and Washington, eligible workers may receive benefits for as long as 26 weeks, but in some States the maximum is as low as 14 or 16 weeks. The size of the weekly payment, in all the States, depends on previous wages, and usually is equal to from one-half to two-thirds of previous weekly earnings, within certain minimum and maximum limits. The maximum payment varies from $25 or more in such States as Michigan, Washington, and Connecticut, down to $15 or $16 per week in 14 States. As of Aug.11, 1945, approximately 190,000 persons were drawing unemployment compensation, and the average weekly payment was about $18.

26. What provisions are being made to provide adequate unemployment compensation?

A. The President has requested the Congress to enact legislation whereby the Federal Government would supplement unemployment benefits in the various States. Bills already introduced in Congress would guarantee a maximum of 26 weeks of payments in any benefit year, a maximum of $25 a week in every State, and extension of coverage to include Federal employees and maritime workers. The bills would also provide Federal funds to pay benefits to workers in small establishments, or other types of employment not covered by present laws, in States which wish to do so.

27. What does a veteran do to get his old job back?

A. If the veteran held a position other than temporary, usually he need only to apply to his old employer, who, in accordance with the Selective Training and Service Act, will reemploy him in his old job, or in a position of like seniority, status, and pay. If any questions arise, his local Selective Service Board will advise him of his rights and assist him in establishing them.

28. Do veterans receive the same unemployment benefits as other unemployed workers?

A. The Servicemen's Readjustment Act, known as the "G. I. Bill of Rights," provides for payment of special Readjustment Allowances to unemployed veterans. The payment amounts to $20 per week. All unemployed veterans who have satisfactorily completed 90 days of service in the armed forces are entitled to these payments, regardless of whether they have ever worked in employment covered by State unemployment insurance laws. Redajustment allowances continue for a period of from 24 to 52 weeks, depending on length of military service. Most verterans have enough service to be eligible for 52 weeks if unemployed that long.

29. What other special assistance is available to veterans who return to civilian life?

A. About 10,000 Veterans' Information Centers are operated by Selective Service local boards, the United States Employment Service, and the Veterans' Administration to advise veterans on problems connected with their return to civilian status. The Government agencies whose regulations affect businesses, in connection with purchase of materials and equipment, the pricing of products, and the acquisition of Government surpluses. The "G. I. Bill of Rights" also contains several important provisions. The first $2,000 of any private loan to a veteran for the purchase of a business, a home, or a farm is guaranteed by the Veterans' Administration. Veterans who wish to continue education interrupted by the war may receive tuition and subsistence allowances. Disabled veterans receive free hospital care and pensions; to assist them in returning to employment, they are entitled to artificial limbs and other appliances, vocational training in new occupations, and special placement assistance from the Vetenans' Administration.

Transition and the Consumer

30. Will retioning have to be continued?

A. Some consumer rationing con be dropped immediately. Details will be announced by Price Administrator Bowles.

With many controls over materials and manpower removed, it is expected that manufacture of many items will be at a high level within 3 to 6 months. This does not mean there will no longer be shortages. There will not be enough automobiles and new housing for a much longer period of time. Manufacture must continue at a high level for at least a year to two years before there is a sufficient supply of such items to meet the demand which has been building up since Pearl Harbor. Shortages of certain raw materials, such as tin and crude rubber, will limit some production.

31. Will supplies of clothing begin to increase soon?

A. Yes. Supplies to consumers will increase as military purchases are reduced. In addition, some increase in total production is expected in the near future. The immediate reduction in Army buying of textiles will be as much as 75%. Their need for cotton textiles, for instance, drops to 20% of what they had on order on VJ-day; the need for woolens will drop to 22%, and yarn requirements, to 30%. In spite of these facts, however, some lines of tex-

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tiles will continue scarce for months.

32. Will there be more coal, heating oil, and kerosene?

A. Heating oil and kerosene may still be somewhat short, although supplies will increase gradually. To expand production of coal the Office of War Mobilization and Reconversion has directed that a 7-point program be undertaken by various Government agencies. Moderate shortages, however, may persist well into the winter.

33. Will surpluses of consumer-type war goods be available to civilians?

A. Yes, many items eventually will be available. Most of them will be sold through regular trade channels. The armed forces themselves, since they cannot be demobilized overnight, will be using up large quantities of their stocks of consumer-type goods.

34. When will it be possible to get better home services, laundry, deliveries, repairs, etc?

A. Do not expect a return to the prewar standard of service immediately. Better home services, laundry, deliveries, repairs, etc., will come, but they will depend on the rapidity with which workers are rehired into these fields, which have been seriously understaffed throughout the war. In addition, repair parts and new trucks can be provided only as production rises.

35. Will the load on transportation facilities be lightened now?

A. The passenger load on the railroads and buses will not be lightened for some time and may even increase with mounting demobilization rates. Restrictions on railroad passenger travel are not expected to be lifted in the immediate future. The major relief in sight is that afforded by the greater use of private automobiles which will come with the end of gasoline rationing. The movement of freight over railroads is expected to continue heavy for several months.

Stabilization

36. Will wartime inflationary pressures continue?

A. Yes. The United States will be faced with the forces of both inflation and deflation in the coming months. Scarcities will continue for automobiles, houses, washing machines, refrigerators, tin, lumber, and many similar products. Other items such as textiles, sugar, meats, fats, shoes will be in short supply for some months. As long as this situation exists, removal of price control would surely result in a sharp increase in prices. On the other hand, elimination of overtime, shifts of workers to nonwar industries, and unemployment will result in slackening demand for a while, thus creating an illusion that inflationary dangers are past. The danger of inflation will persist until reconverted facilities can turn out supplies in sufficient quantities to satisfy demand.

It will not be easy to combat both inflation and deflation simultaneously, yet that is the challenge facing the country.

37. Will price and rent controls be continued?

A. Yes. The greatest single danger to an orderly reconversion lies in the threat of inflation. We cannot and must not repeat our folly after World War I. A firm stabilization program must be continued. Price controls on some luxury products have been lifted and others will follow as supply increases sufficiently to justify such action. Price ceilings will be maintained for most products and commodities in short supply. Rent ceilings also must remain in force in some areas. Only through such policies can the cost of living be restrained from a further rise. The Office of Price Administration will grant individual adjustments in hardship cases, establish simple procedures, provide special procedures for small business, and flexibly adapt its policies to changing conditions.

38. Will wage controls be continued?

A. As long as there is a threat of inflation the "hold the line" stabilization program must be followed. Neither prices nor wages can be given free reign while scarcities prevail on a wide front. Collective bargaining will be restored with safeguards to protect the stabilization program. Wage adjustments which will not increase prices will be permitted. Where necessary to raise substandard pay scales, relieve hardships from severe declines in take-hom pay, and stimulate increased production of essential products, both wage and price adjustments will be granted.

39. Will foreign trade be free immediately from wartime restrictions?

A. Only to a limited extent. Export licenses must continue in force for many commodities. It is expected that the bulk of supplies to be shipped abroad can be supplied without priorities assistance. However, where necessary to meet essential needs of liberated areas, priority assistance will be used.

40. Will we continue to provide relief and rehabilitation to the liberated countries?

A. To preserve peace and order, we must assume our share of responsibility for meeting the needs of the liberated areas. Victory in the Pacific does not lessen the hunger of the liberated people of Europe and adds the needs of the liberated areas in the Pacific. Needs for food, textiles, coal, transportation and machinery will become more urgent as winter approaches. The 1945 European harvest, for instance, is expected to be 10 to 15% below that of last fall, and millions of Europeans are living on rations that provide less than the bare minimum requirement of 2,000 calories per day. As long as men remain hungry or cold, they cannot perform the physical labors which are required to rebuild their countries and restore their economies.

Cutbacks in military requirements should release somewhat larger quantities of supplies for shipment to the distressed countries. In addition, increased amounts of transportation equipment, machinery, etc., now can be allocated for transfer to countries which depend on them for immediate rehabilitation.

The President, in his report to the Nation on the Potsdam Conference, made it clear that the United States must play its part in providing the means to help liberated Europe regain her feet.

41. Will demands for United States food fall off sharply?

A. There will be changes in demand for some commodities, but total food needs will continue to be very large. United States farmers will need to keep up all-out production in the months ahead. In fact, total needs during the coming year will probably still exceed the supply of meats, fats and oils, sugar, and some of the other important food commodities. There can be no slackening now on the farm front, and as industrial plants convert from war to peace production farmers can expect more machinery and equipment with which to do the job.

42. How about farm prices?

A. Good demand for most farm products is assured for some time ahead. Moreover, Congressional action provides price supports for many commodities for two years after final peace. These commitments will be carried out.

43. Will full United States farm production be needed again next year?

A. In general, there will be need for abundant production in 1946. Before the Secretary of Agriculture announces next year's production goals, he will reappraise the United States and world situations carefully to determine any shifts within the total production pattern which may be needed. In the meantime, our farmers will continue their full production efforts.

44. What steps are being taken by the Government to stimulate home construction?

A. The Office of War Mobilization and Reconversion has created an Interagency Committee on Construction under the chairmanship of a construction coordinator. This committee is taking steps to speed the revival and expansion of the construction industry. In addition, the National Housing Agency and its operating units will act promptly to stimulate expansion in new housing construction to relieve existing housing shortages and to provide jobs, production and investment in the reconversion period. The established goal of starting 400,000 new house in the 12 months ending next July will be stepped up.

The Federal Housing Administration has authorization to insure mortgages up to $2 billion on new private housing. The member institutions of the Federal Home Loan Bank System have an unprecedented volume of funds available for financing new home mortgages. The Federal Public Housing Authority has outstanding contracts to assist in construction of approximately $100 million in low-rent public housing projects, which were deferred at the start of the war.

45. Will censorship be lifted?

A. All censorship within the United States has been lifted. However, in areas outside of the continental limits of the United States, censorship is under the control of the Army and the Navy and will be lifted at a later date.

46. Will Lend-Lease be stopped at once?

A. All Lend-Lease programs are under review and it is planned to stop all Lend-Lease shipments except to those countries involved in supplying troops stationed within their borders, or involved in the shipment home of troops for demobilization.

Creese Elected V.-P. Of Drexel Institute

Dr. James Creese, Vice-President of Stevens Institute of Technology since 1928, has been elected the sixth President of Drexel Institute of Technology, Philadelphia, A. J. Drexel Paul, President of the Drexel board of trustees, announced Aug. 13. Dr. Creese will assume his new duties on October 1. Since the resignation of President George Peters Rea about a year ago, Dr. Robert C. Disque, Dean of Engineering, has been Acting President. Previous Presidents of the Institute were Dr. James MacAllister, Dr. Hollis Godfrey, Dr. Kenneth Gordon Matheson and Dr. Parke Rexford Kolbe.

Drexel Institute of Technology, founded in 1891, is comprised of the Schools of Engineering, Business Administration, Home Economics and Library Science. In announcing Dr. Creese's appointment, the trustees of Drexel referred to his experience in Drexel's special fields. Before going to Stevens Institute, Dr. Creese was associated for several years with the American Scandinavian Foundation. He is Chairman of the Executive Board of the American Association for Adult Education and has made a number of surveys of the extra-mural responsibilities of colleges and universities, and appraisals of educational projects in engineering.

Laud US for War Role

Leaders of the nations of the world have expressed gratitude for the part played by the United States in the defeat of the Axis powers in messages sent to President Truman, some containing pledges of cooperation in peace as in war, according to a White House announcement reported to the New York "Times" from Washington on Aug. 18.

The following are some of the messages, according to the "Times," which have been coming into the White House since the Japanese surrender:

From Prime Minister Attlee of Great Britain:

President Truman—

Please accept, Mr. President, my congratulations and best wishes on the coming of peace after the long years of anxiety and affliction in which both our countries have shared. May the new era bring the same close comradeship, understanding and goodwill that we have known in war and without which there can be no assurance of lasting peace and prosperity for the world.

From Generalissimo Chiang Kai-shek of China:

President Harry S. Truman—

At this glorious hour of our complete victory over our common enemies the entire Chinese nation joins me in paying the highest tribute to the inflexible resolve with which the American people have prosecured the war against the Axis aggressors. The invaluable contributions to the Allied cause made by your valiant nation, for which humanity will forever remain grateful, have helped shorten the duration of this bloody struggle and restore liberty to all oppressed peoples.

The Chinese people, who were the first victims of Axis aggression and who have suffered the longest in this global war, are especially grateful to our American allies for their unceasing moral support and unstinted material assistance. On behalf of the Chinese peoples, I beg to express to you our profoundest admiration for the brillian achievements of the American nation and for the great role which you and the late President Roosevelt have played in helping to bring about the collapse of the Axis powers in both Europe and Asia.

I wish also to assure you, Mr. President, that in the accomplishment of the stupendous task of world-wide rehabilitation and reconstruction which still lies ahead, China will continue to cooperate with the United States and all the other democratic nations in order that the peace which has been won at such immense costs may be made sure and permanent for the future generations.

From General de Gaulle of France:

The President—

On this day on which, after so many trials, peace returns to the world, I wish to express to you, Mr. President, the admiration and gratitude inspired in the whole French Commonwealth by the immense part taken by the American nation in the final victory of the United Nations. The valiance and spirit of sacrifice of your soldiers, the genius of your men of learning, the work and inventive ardor of your engineers and workmen have shown to what degree of power and glory a great democracy could rise under the leadership of enlightened guides.

This great lesson will be precious to the world in peace as it has been in war. I am sure that our two countries are going to approach the crushing task of the rebuilding of the world with the will to preserve their traditional and fraternal friendship once again cemented in the battle for the same ideal.

From Queen Wilhelmina of the Netherlands:

President Truman—

Now that the last of the aggressors has been decisively vanquished and the forces of darkness and oppression have been finally overthrown, I wish to send you my heartfelt congratulations on this great triumphant victory over a ruthless foe, largely due to the gigantic war effort of the United States of America and the skill and bravery of your armed forces.

The liberation of my suffering people in the overseas parts of my kingdom from their cruel oppressors is now within sight and you may be sure they will never forget the debt they owe the American people.

From President Osmena of the Philippines:

President Truman—

I send you our people's most joyful congratulations on this victory of the spirit and arms of the United States of America and Allied nations. This victory, in which we can claim a modest share by reason of our sacrifices in Bataan and throughout the Philippines, has for us the significance of the glorious reaffirmation of democratic ideals.

Our nation would not have been saved had it not been for the might of the great union to which we owe loyalty and to which we are eternally grateful. Now we face the future with confidence and under the peace sealed by our blood we pray God that the Philippines will forever serve as one of the great bastions for the preservation of permanent universal peace.

Politics "Free and Open," President Says

It was assumed, from a remark made by President Truman at a press conference following the end of the Japanese war, that the President now intends to take an active political role as the head of his party, the Associated Press stated in a dispatch from Washington, Aug. 16, published in the New York "Herald Tribune."

In response to a question about filling the Supreme Court vacancy caused by the resignation of Justice Owen J. Roberts, the President stated that the job of finishing up the Pacific war, which had taken up most of his time, being nearly completed, politics would now be free and open. The press advises went on to say:

"For long after Pearl Harbor, political controversy was softpedaled. This semi-truce, however, was not always observed by Congress and it was interrupted also last year by the Presidential campaign.

"The early months of the Truman administration have been largely peaceful as to political warfare, but now, to all intents and purposes, the lid is off and both sides seemed to like the idea.

"Of a group of Governors who saw the President today, two Republicans and a Democrat told reporters they welcomed a full-fledged return of politics.

"Governor Edward Martin, Pennsylvania Republican, said that's the way things ought to be in peace time. This is a two-party country, he reminded. Governor Harry Kelly, Michigan Republican welcomed politics back, but he noted there is plenty of room left for co-operation between the two parties on such major problems as converting industry to a peace-time basis.

"With a twinkle in his eye, Governor Robert Kerr, Oklahoma Democrat, told his colleagues: 'If you Republicans will just give us another six months, we'll have you so hypnotized that you won't give us any trouble in 1946 or 1948.' He obviously referred to what Democrats generally believe is the growing popularity of President Truman."

Churchill Condemns Agreement on Poland

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known how long the stamping out of the resistance of Japan in the many territories she had conquered, and especially in her homeland, would last.

All the while the whole process of turning the world from war to peace would be hampered and delayed. Every form of peace activity was half-strangled by the overriding priorities of war. No clear-cut decisions could be taken in the presence of this dominating uncertainty. During the last three months an element of dualism has complicated every problem of policy and administration.

Japanese War Preparations

We have had to plan for peace and war at the same time. Immense armies were to be demobilized and another powerful army was being prepared and dispatched to the other side of the globe. This dualism affected also every aspect of our economic and financial life. How to use the people's activities in reviving the life of Britain and at the same time to meet the stern commitments of war against Japan—this constituted one of the most perplexing puzzles that in a long lifetime of experience I have ever faced. It was with great anxiety that I surveyed this prospect a month ago. Since then I have been relieved of the burden and at the same time that burden, heavy though it still remains, has been made immeasurably lighter.

On July 17 there came to us at Potsdam the eagerly awaited news of the trial of the atomic bomb in the (New) Mexican desert. Success beyond all dreams crowned this somber, magnificent adventure of our American allies. Detailed reports of the (New) Mexican desert experiment which was brought to us a few days later by air, could leave no doubt in the minds of the very few who were informed that we were in the presence of a new factor in human affairs.

Effect of Atomic Bomb

We possessed powers which were irresistible. Great Britain had the right to be consulted in accordance with Anglo-American agreements. The decision to use the atomic bomb was taken by President Truman and myself at Potsdam and we approved military plans to unchain the dread pent-up force.

From that moment our outlook on the future was transformed. Marshal Stalin was informed by President Truman that we contemplated using an explosive of incomparable power against the Japanese in the way we all now know. It is to this atomic bomb, more than to any other factor, that we may ascribe the sudden swift ending to the war against Japan.

Before using it, it was necessary, first of all, to send a message in the form of an ultimatum to the Japanese which would apprise them of what unconditional surrender meant. This document was published on July 6, the same day that another event occurred.

No doubt the assurances given Japan about her future after her unconditional surrender had been made were generous to a point. When we remember the cruel, treacherous nature of the utterly unprovoked attack made by the Japanese war lords on the United States and Great Britain, the assurances must be considered magnanimous in a high degree.

A Japan for the Japanese

They implied Japan for the Japanese; and even access to raw materials, apart from their control, was not denied to their densely populated homeland. We felt that, in view of new, fearful changes of war power about to be employed, the inducement to surrender should be set before them.

This we owed to our conscience before using this awful weapon. By repeated warnings, an endeavor was made to secure the evacuation of Japanese from threatened cities. There were those who considered that the atomic bomb should never have been used at all. I cannot associate myself with such ideas. Six years of total war have convinced most people that had the Germans or the Japanese discovered this new weapon, they would have used it upon us to our complete destruction with the utmost alacrity.

I am surprised that very worthy people—but people who in most cases had no intention of proceeding to the Japanese front themselves—should adopt a position that rather than throw this bomb we should have sacrificed a million American and a quarter of a million British lives in the desperate battles and massacres of an invasion of Japan.

Future generations will judge this dire decision, and I believe, if they find themselves in a happier world from which war has been banished and where freedom reigns, they will not condemn those who struggled for their benefit amid the horrors and miseries of this grim and ferocious epoch.

The bomb brought peace, but man alone can keep that peace. I am in entire agreement with the President of the United States that the secret of the bomb should, so far as possible, not be turned over at the present time to any other country in the world. This is in no desire or wish for arbitrary power, but for the common safety of the world.

U. S. Predominant

Nothing can stay the progress of research and experiments in any country, but although research will now proceed in many places, the construction of the immense plants necessary to transform the theory into action cannot be improvised in any country. For this and other reasons, the United States at this minute stands at the summit of the world. I rejoice that this is so.

Let them act up to the level of their power and responsibility, not for themselves but for all men in all lands, and then a brighter day may dawn on human history.

So far as we know, there are perhaps three or four years before the great progress in the United States can be overtaken. In these three years, we must remold the relationships of all men of all nations in such a way that these men do not wish, or dare, to fall upon each other for the sake of vulgar, outdated ambition or for passionate difference in ideologies, and that international bodies by supreme authority may give peace on earth and justice among men. Our pilgrimage has brought us to a sublime moment in the history of the world.

From the least to the greatest, all must strive to be worthy of these supreme opportunities. There is not an hour to be wasted; there is not a day to be lost. It would, in my opinion, be a mistake to suggest that the Russian declaration of war against Japan was hastened by the use of the atomic bomb.

My understanding with Marshal Stalin in talks which I had with him, had for a considerable time past been that Russia would declare war with Japan within three months of the surrender of the German Army. The reason for the delay of three months was the need to move over the Transiberian Railway large reinforcements to convert the Russian Manchurian Army from a defensive to an offensive army.

The fact that German armies surrendered on May 9 and Russia declared war Aug. 8 is another example of the fidelity and punctuality by which Stalin's valiant armies have always kept their military engagements.

Administration of Germany

There had been general approval of the (Potsdam Declaration) arrangements proposed for the administration of Germany during the provisional period of military government. This regime was both transitional and indefinite. The character of Hitler's Nazi Government was such as to destroy almost all independent elements in the German people. A headless Germany had fallen into the hands of the conquerors.

In the meantime, it is in my view of utmost importance that responsibility should be effectively assumed by German local bodies for carrying on under Allied supervision all that is necessary to maintain life of the vast population.

But it may be years before any structure of German national life will be possible, and there will be plenty of time for victors to consider how the interests of world peace are affected. It is not possible for the Allies to bear responsibility themselves. We cannot have German masses lying down on our hands expecting to be fed.

We must do our best, but it would be in vain for us in this small island, which still needs to import half its food, to imagine that we can make any appreciable further contribution in that respect. Rationing in this country cannot be made more severe without endangering the life and physical strength of our people.

I, therefore, most strongly advise the encouragement of the assumption of responsibility by trustworthy local German bodies in proportion as they can be brought into existence. The Council which was set up at Potsdam of Foreign Secretaries affords new flexible machinery for further study of immediate problems that lie before us in Europe and Asia. I am very glad that the request I made to the conference, in which my Right Honorable friend (I may say that, on this comparatively innocuous occasion) supported me, that the seat of the Council's permanent secretariat should be in London, was granted.

I must say that the late Foreign Secretary, who has for a long period gained an increasing measure of confidence from the Foreign Secretaries of Russia and the United States, deserves some of the credit for the fact that London is to be the seat of the permanent secretariat. It is high time that London, the oldest, largest, most battered and first-in-the-war capital, should have that recognition.

I am glad also that the evacuation of Russian and British forces from Persia in accordance with the treaty made in 1941 is about to begin. There are various other matters arising out of the Potsdam conference that are to be noted as satisfactory.

Grave Questions Ahead

We should not delude ourselves in supposing that the results of this first conference of the victors is free from disappointment or anxiety or that the most serious questions before us were all brought to good solution. Those that proved incapable of agreement at the conference have been relegated to the Foreign Secretaries' Council, which though most capable of resolving difficulties is essentially one gifted with less far-reached power.

Other grave questions are left for the final peace settlement, by which time many of them may have settled themselves, not necessarily in the best way. It would be wrong to conceal the possible divergence of view which exists inevitably between the victors about the state of affairs in Eastern and Middle Europe.

Compromises Unavoidable

I do not at all blame the Prime Minister or the new Foreign Secretary whose task it was to finish up the discussion which we had begun. I am sure they did their best. They have to realize that no one of three leading powers can impose its solution upon the others and that the only solutions possible are those in the nature of a compromise.

We British have had very early and increasingly to recognize the limitations of our own power and influence—great though it be—in the gaunt world arising from the ruins of this hideous war. It is not in the power of any British Government to bring home a solution which would be regarded as perfect by the great majority of Members in this House, wherever they may sit.

I must put on record my own opinion that the provisional western frontier agreed upon for Poland, comprising as it does one-quarter of the arable land of Germany, is not a good augury for the future of Europe. We always had in the coalition Government a desire that Poland should receive ample compensation in the west for territory conceded to Russia east of the Curzon line.

Polish Decision a Mistake

Here I think a mistake has been made in which the Provisional Government of Poland has been an ardent partner by going far beyond what necessity or equity requires. There are few virtues the Poles do not possess and there are few mistakes they have ever avoided.

I am particularly concerned at this moment with reports reaching us of conditions under which the expulsion and exodus of Germans from new Poland have been carried out. Between 8,000,000 and 9,000,000 persons dwelt in these regions before the war. The Polish Government say that there are still 1,500,000 of these not yet expelled within their new frontier. Of these other millions most have taken refuge between British and American lines, thus increasing the food stringency in our sectors.

Enormous numbers are unaccounted for. Where have they gone and what is their fate? A similar condition may reproduce itself in modified form in numbers of expulsions of Sudetens and other Germans from Czechoslovakia.

Guarded accounts of what has happened, what is happening, had filtered through, but it is not impossible that tragedy on a prodigious scale is imposing itself behind the iron curtain which at present divides Europe in twain. I should welcome any statement which the Prime Minister can make which will relieve us or inform us on this very anxious and grievous matter.

There is another sphere of anxiety. I cannot conceive that any element of new conflict exists in the Balkans today. Nevertheless not many members of the new House of Commons will be content with the situation prevailing in those mountainous, turbulent, ill-organized, warlike regions.

I would like to say with what gratification I have seen Ernest Bevin undertake the high and difficult office of Foreign Secretary. I am sure he will do his best to preserve the high causes for which we have long fought together. Nevertheless, there are not many members who will be content, for almost everywhere Communist forces have obtained or are in the process of obtaining dictatorial powers. That does not mean that everywhere has communism been established nor does it mean that it will be established.

In those countries torn by war there must be for some months to come the need for an authoritarian government. The alternative would be anarchy, and it would be unreasonable to ask or expect that the liberal Government of the British or United States democratic conditions should be instituted immediately.

Government By the People

They take their politics very seriously in those countries. A friend of mine, an officer who was there when the results of the late general election came in, told me a lady said to him, "Poor Mr. Churchill. I suppose now he will be shot." My friend was able to reassure her by saying the sentence might be mitigated by various forms of hard labor.

Nevertheless, we must know where we stand, and we must make clear where we stand in these affairs of the Balkans and Eastern Europe.

The Democratic Ideal

Our idea is government of the people, by the people, for the people—I practice what I preach—people being free to express by secret ballot without intimidation their deep-seated wish as to the forms and conditions of government under which they are to live.

At present a family might be gathered around the fireside enjoying the fruits of their toil when suddenly there is a knock at the door and heavily armed policemen appear. It may be that the father, son or friend sitting in the cottage is called out, taken away into the dark and no one knows whether he would ever come back again or what is his fate.

All they know is that they had better not inquire. There are millions of humble homes in Europe—Poland, Czechoslovakia and Yugoslavia—where this fear is the main preoccupation of family life. President Roosevelt laid down Four Freedoms and these are extant in the Atlantic Charter which we agreed together. Freedom from fear—but this has been interpreted as if it were only freedom from the fear of invasion by a foreign country. That is the least of the fears of the common man. His patriotism arms him to withstand invasions.

That is not the fear of ordinary families in Europe tonight. Their fear is of the policeman knocking at the door. That is not fear for country. All men can be united in comradeship in defense of their native soil. It is fear for the life and liberty of the individual, for the fundamental rights of men now menaced and precarious in so many lands where people tremble.

Surely we can agree in this new Parliament, or a great majority of us wherever we sit, that the will of the people freely expressed in the secret ballot, as to laws that shall prevail is the first solution and safeguard. Let us then march steadily in whatever course or view it may take. Individuals and parties make their mistakes and they may profit from their mistakes.

Britain Should Uphold Democracy

Democracy is on trial as it never was before and in this island we must uphold it as we did in the dark days of 1940 and 1941, with all our hearts and all our vigilance and with all our untiring and inexhaustible strength.

Now is the time for Britain to speed up the Government she seeks to maintain rule. The Government derived power from the governed, says the Constitution of

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the United States. This must not all evaporate in swindles and lies. In our foreign policy let us strike a continuous note of freedom and fair play as we understand it. Then you will find an overwhelming measure of agreement between us.

I recall that the President of the United States said our victory in Europe was more than one of arms—it was one way of life for another.

Founded on the right of the common man and the conception of the State as a servant, not master of its people, surely there is not such great disagreement among us. This is what the new Parliament means, as in our hearts and conscience, in the foreign affairs of the world that we desire. Just as in 1940, so now let us be united upon these resurgent principles and impulses of the good, generous hearts of men. Then to all our material strength we have acquired we should add moral quality and make the weak equal with the strong.

Laski Attacked

I am anxious today to avoid controversial topics as much as possible. There is one question, however, which I hope the Prime Minister will be able to answer: What precisely is Mr. Laski's authority with regard to all the statements he is making about our foreign policy, and do his statements involve the Secretary of State for Foreign Affairs? We know Mr. Laski as chairman of the Labor Party Executive which has the right to describe their own party as they wish to do. But this is a very important body.

I have been told that it has the power to summon Ministers before it. Evidently Mr. Laski has great power and evidently he is keen to assert it. The House and the country are entitled to know who are the spokesmen of the Government.

I see that Mr. Laski said in Paris a few days ago that our policy in Greece is to be completely changed. What is the meaning of that? I thought we were agreed upon our policy toward Greece, especially after Sir Walter Citrine and the Trades Union report on the position.

The policy in regard to Greece is that Greece should decide on its future according to the full, free, untramelled will of the Greek people and that elections are to be held as early as practicable. The Greek Government have invited foreign observers to be present and report so that everyone in the world may know whether the elections are the free, honest expression of the popular will. The British, United States and the French have accepted this offer to send observers.

I am sorry we could not persuade Russia to send them also. Has there been any change? Or as Mr. Laski's remarks seem to suggest, that if the Greeks had to vote freely it must be only as he thinks. I am sure the Honorable Member could not find that I ever said the people were only entitled to vote in the way I liked.

Mr. Laski made a declaration about France, which has a far-reaching effect, namely, that if they voted Socialist at the pending election Great Britain would renew her offer of June, 1940, that Britain and France become one nation with common citizenship.

Much has happened in five years and the idea that we should become one single nation with common citizenship must at least be very carefully considered by responsible Ministers before any such proposals are made to Parliament and still less to a foreign country. I ask, therefore, did the Prime Minister authorize this statement, does the Foreign Secretary endorse it and has the Cabinet agreed to it?

Wants Attlee's Views

If the offer to France is conditional on a Socialist Government being elected, I hope that the Prime Minister will give reassuring answers to these points. Broadly speaking, it is better that declarations about foreign policy should be made by Ministers of the Crown responsible to the House of Commons and I am sure the new Government will get into difficulties if they cannot do this.

It is impossible to understand domestic politics of other countries. It is hard enough to understand domestic politics of one's own country. But Mr. Laski has spoken with great freedom about French, Spanish and United States affairs. Today we read that Mr. Laski says that the attitude of the British Government toward the United States is favorable whereas toward Russia it is profound brotherly affection. I wonder very much, and this is an extremely serious matter, whether these individual distinctions are likely to bring about the good results which I anticipated and which are absolutely necessary for us.

Mr. Laski appears to contemplate vehement intervention in Spain against General Franco. I would be very glad to see the letter which I wrote with full agreement of my coalition colleagues in the War Cabinet to General Franco some months ago in reply to the one which General Franco wrote to me published here. Anyone would then see what calumny it was to suggest that I or my colleagues are supporters or partisans of the present regime in Spain. We are proud to be the foe of tyranny in every land, whether it comes from the Right or Left.

Before I left Potsdam three major powers had agreed upon the form of the announcement about the exclusion of Spain, while under the Franco regime, from the world organization of the United Nations, and no alteration was made, so far as I am aware, by the new Prime Minister and the Foreign Secretary in the terms of that most wounding and deliberately calculated declaration against that regime.

Forcible Intervention Opposed

It would, however, be wrong to intervene in Spain in a forcible manner or attempt to relight the civil war in that country which has lost between 1,000,000 and 2,000,000 of its none too numerous population in horrible internal struggle. However, if that is the policy of His Majesty's Government, they ought to say so. Then we can debate the matter.

Let me point out in leaving this unpleasant subject that I make no suggestion to the Government that they should endeavor to muzzle Mr. Laski. Anyone can say anything in their country, however pernicious and nonsensical it may be, but it is necessary for the Government to let us know exactly where they stand with Mr. Laski.

Otherwise, I assure the Government that their affairs will suffer and our affairs which are mixed up inseparably with their affairs will also suffer. The Government must be worthy of their fortune, which is also the fortune of us all. Let them release and liberate the vital springs of British energy and inventiveness. I hope we might go forward together not only abroad but also at home in all matters as far as we possibly can.

If after nationalizing coal mines and dealing with railways, electricity and transport, the trades unions yet seemed to feel it necessary to heavily rearm against state socialism, apparently the new age is not to be so happy for wage-earners as they have been asked to believe. At any rate there seems to be a fundamental incongruity to which the attention of the Socialist intelligentsia should speedily be directed. Perhaps, however, it might be said that those powers would only be needed if the Tories came into office. Surely, these are early days to get frightened.

I do not wish to end these comments on a somber or even slightly controversial note. It is evident that the parties in the House agree on the main essentials of foreign policy and the moral outlook on world affairs. We have also an immense program of work which requires to be brought into law. Here and there may be differences in emphasis and view, but in the main no Parliament ever assembled with such mass-agreed legislation as lies before us.

I have great hopes of this Parliament and I shall do my utmost to make it work. I do not underrate the complications of the task which lies before us, but on the morrow of victory that we have gained it is a splendid moment both in our whole lives and in our great history.

It is time not only of rejoicing but even more of resolve. We look back on the perilous years and dark designs we have frustrated but we have come safely through the worst. Home is the sailor, home from the sea, and the hunter home from the hills.

Russia & China Sign Friendship Treaty

A treaty of friendship and alliance between Russia and China has been signed, special advices to the New York "Times" from London stated on Aug. 14, adding that the Moscow radio, which was the source of the report, indicated that "full agreement on all other questions of common interest" had been arrived at. Publication of the treaty and "other agreements" is reported intended upon ratification by the two countries.

The present understandings are said to be the outcome of the talks between Premier Stalin and Chinese Prime Minister T. V. Soong, which were continued upon Stalin's return from Berlin from where they had been dropped at the time of the Big Three conference.

Although no details have as yet been disclosed, it is admitted that "very important questions interesting to both sides" were covered pertaining to practically all issues common to both countries.

Following is the Moscow broadcast, which the New York "Times" indicates as having been recorded by the Federal Communications Commission:

"After Generalissimo Stalin's return from the Berlin conference, the Chinese Prime Minister, Mr. T. V. Soong, accompanied by Chinese Foreign Minister Wang Shihchieh, arrived in Moscow and renewed negotiations with Generalissimo Stalin and Peoples Foreign Affairs Commissar Molotoff dealing with questions of Soviet-Chinese relations.

"On Aug. 14 a treaty of friendship and alliance was signed between the Soviet Union and the Republic of China. Full agreement was also reached on all other questions of common interest. Both treaty and other agreements will be published shortly when they are ratified by the Soviet Union and the Republic of China."

The State of Trade

(Continued from page 858)

gust 20, compared with 82.5% one week ago. This week's operating rate represents a decrease of 15.3% from last week's rate and is equivalent to 1,280,300 net tons of steel ingots and castings, compared to 1,511,100 net tons last week and 1,692,800 tons one year ago. In addition, the current week's rate will be the lowest since May 6, 1940, when the industry operated at 65.8%. A month ago the industry was at 90.7% of capacity.

Railroad Freight Loading—Carloadings of revenue freight for the week ended Aug. 11, 1945, totaled 870,007 cars, the Association of American Railroads announced. This was an increase of 6,097 cars, or 0.7% above the preceding week this year and 25,174 cars, or 2.8% below the corresponding week of 1944. Compared with a similar period of 1943, a decrease of 17,157 cars, or 1.9%, is shown.

Electric Production—The Edison Electric Institute reports that the output of electriciy decreased to approximately 4,395,337,000 kwh. in the week ended Aug. 11, 1945, from 4,432,304,000 kwh. in the preceding week. Output for the week ended Aug. 11, 1945, was 0.5% below that for the corresponding weekly period one year ago.

Consolidated Edison Co. of New York reports system output of 166,200,000 kwh. in the week ended Aug. 12, 1945, comparing with 169,100,000 kwh. for the corresponding week of 1944, or a decrease of 1.8%.

Local distribution of electricity amounted to 163,700,000 kwh., compared with 157,600,000 kwh. for the corresponding week of last year, an increase of 3.8%.

Paper and Paperboard Production—Paper production in the United States for the week ending Aug. 11 was at 90.6% of mill capacity, against 93.6% in the preceding week and 91.2% in the like 1944 week, according to the American Paper & Pulp Association. Paperboard output for the current week was 94%, the same as in the preceding week, and compared with 96% in the like 1944 week.

Consumption of 177,905 tons of newsprint paper by daily newspapers in July was reported the current week by the American Newspaper Publishers Association. This compared with 174.866 tons in July, 1944, and 215,012 tons in the same month of 1941, base year for calculating allowable use.

Business Failures Continue Low—In the week of Victory holidays ending Aug. 16, commercial and industrial failures fell to the lowest number not only of any week in 1945 but of any week on record. Dun & Bradstreet, Inc., reports only five concerns failing, as compared with eight in the previous week and 19 in the same week last year. This marked the third consecutive week of decline in failures and brought them down to about one-fourth the number in 1944's comparable week.

Contrary to the concentration among large concerns a week ago, failures this week were about evenly divided, with three involving liabilities of $5.000 or more and two involving liabilities under that amount.

Commercial service was the only industry or trade group in which the number of concerns failing increased from last week; in manufacturing they remained the same.

One Canadian failure was reported as compared with none both last week and a year ago.

Wholesale Commodity Index Down—With the end of the war with Japan in sight leading agricultural commodities trended downward in the past week. The Dun & Bradstreet daily wholesale commodity price index dropped to 174.13 on Saturday, the lowest level reached this year. It closed at 175.22 on Aug. 14, as compared with 175.51 a week previous, and with 171.52 on the corresponding 1944 date.

Grain markets were uniformly lower during the week just ended. Volume of trading, however, was somewhat less than in the previous week despite heavy selling late in the period resulting from peace overtures by Japan. Losses were quite heavy in all grains except corn, where cash prices, due largely to limited country offerings, held hard against current ceilings. Corn futures however declined on the possibility of early peace. Prospects for the corn crop improved during July.

Flour bookings were slow with demand confined largely to immediate needs. Trading in lard was relatively quiet although offerings appeared to be on the increase. While hog weights have been averaging very high, receipts of hogs continued light and prices remained firm at ceilings.

Trading in cotton markets continued in a cautious way in anticipation of an announcement that the war with Japan had come to an end. The trend of values was generally downward.

Some support was derived from moderate demand coming from mills, mainly for price-fixing purposes. The first official forecast of the Crop Reporting Board, issued last Wednesday, indicated a yield of 10,134,000 bales for the current crop season, a drop of 2,096,000 bales from the 1944 production.

With buying confined to barest immediate needs business in domestic wools remained very quiet in the Boston market last week. Mill inventories of domestic wool are reported at a very low level and manufacturers are exhibiting extreme caution in adding to their stocks of both foreign and domestic wool in anticipation of converting to a civilian production basis. Appraisals of domestic wool for purchase by the CCC dropped to 10,706,019 pounds during the week ended Aug. 4, from 14,137,454 pounds in the preceding week.

Wholesale Food Price Index Unchanged—The wholesale food price index, compiled by Dun & Bradstreet, Inc., remained unchanged this week after dropping 1% in each of the two preceding periods. The Aug. 14 figure was $4.09, a rise of 2.8% over the 1944 comparative of $3.98. Advances during the week were eggs, potatoes and sheep. Declines occurred in rye, oats, barley and lambs.

Index represents the sum total of the price per pound of 31 foods in general use.

Retail and Wholesale Trade—Sustained sales in most categories of retail trade for the country at large, according to Dun & Bradstreet, Inc., put volume for last week slightly over last year but well below the previous week. The two-day holiday which closed many department, specialty, and food stores, restrained volume from being greater. Women's apparel volume declined slightly from the previous week with a greater decrease evident in men's apparel. Food volume stayed about even although supplies of green vegetables, meat and dairy products increased somewhat.

Stimulation of fall buying along with continued demand for summer clothing and accessories resulted in a high dollar volume. Increased activity was evident in hosiery, sportswear, blouses, and raincoats. Considerable pre-school buying for children and in college departments was reported. There was greater interest in fall suits and coats, increasing sales fractionally over last week. Men's clothing continued in a strong de-

Plans for Post-War Economic Stabilization Revealed in Pronouncements of Truman, Aides

The post-war economic policy of the Truman administration began to assume definite shape with the public pronouncements by the President and his aides of plans for stabilizing the shift from war to peacetime industrial activity. The abrupt ending of the Pacific war brought expected cancellations of government orders, followed by the laying off of many workers in concentrated war production areas. The number of war workers to be available for peacetime production is expected to increase to millions within a few months.

President Truman has declared that steps are being taken to soften the hardships that might be concomitant with the reconversion lag, that controls will be continued where necessary to prevent unequal distribution, and that the Government will sponsor a management-labor program to aid in speeding reconversion.

At a press conference on Aug. 16, the President indicated that the National War Labor Board would be continued in effect for the time being to prevent the confusion which might result if no such controlling body were in force. At the same time he authorized the Board to discontinue its practice of requiring employers to obtain approval for wage increases which do not result in price rises or inflation.

Governmental heads all expressed the necessity for taking steps to prevent the economic disaster which followed World War I. Reconversion Director John W. Snyder stated, according to the Associated Press, from Washington, Aug. 16: "The greatest single danger to an orderly reconversion lies in the threat of inflation. We cannot and must not repeat our folly after World War I. . . . We're shooting at a standard of living for our people as a whole that will be 50% higher than we or any other people have ever had."

Price Administrator Chester Bowles and Stabilization Director William H. Davis also recalled the unstable situation which followed the first world war, and spoke of the need for preventing any repetition.

The full text of President Truman's statement on labor-management policies, as released by the Associated Press in a Washington dispatch on Aug. 16, follows:

"Our national welfare requires that during the reconversion period production of civilian goods and services go forward without interruption, and that labor and industry co-operate to keep strikes and lockouts at a minimum. We must work out means for the peaceful settlement of disputes that might adversely affect the transition to a peace-time economy.

"We have had an exceptionally good record of industrial peace during the war. We must take the necessary steps now to insure a continuation of this record in the reconversion period before us. We must also, in this period, continue the stabilization program, modifying it to meet the changes in our economy which are now taking place. To these ends:

"1. In the near future I shall call a conference of representatives of organized labor and industry, for the purpose of working out by agreement means to minimize the interruption of production by labor disputes in the reconversion period.

"The foundation of our war-time relations was an agreement between representatives of industry and labor, who met at the call of the President immediately after Pearl Harbor. This agreement provided that 'for the duration of the war there shall be no strikes or lockouts,' upon condition that a National War Labor Board be established for the peaceful adjustment of unsettled disputes. Pursuant to that agreement, the President, by Executive Order 9017, created the War Labor Board, and Congress, in the war labor disputes act, confirmed and strengthened its authority.

"The Board is an emergency agency. Its effectiveness has been rooted in the war-time agreement which led to its establishment. As a result of that agreement, industry and labor, with but very few exceptions, have voluntarily accepted the board's decisions in the disputes which have been certified to it as affecting the war effort. A new industry-labor agreement to minimize interruption of production by labor disputes during the reconversion period ahead of us is imperatively needed.

"2. Pending the completion of the conference and until some new plan is worked out and made effective, disputes which cannot be settled by collective bargaining and conciliation, including disputes which threaten a substantial interference with the transition to a peace-time economy, should be handled by the War Labor Board under existing procedures. For that interim period I call upon the representatives of organized labor and industry to renew their no-strike and no-lockout pledges, and I shall expect both industry and labor in that period to continue to comply voluntarily, as they have in the past, with the directive orders of the War Labor Board.

"3. The stabilization act is effective until June 30, 1946. During its continuance, wage adjustments which might affect prices must continue to be subject to stabilization controls. With the ending of war production, however, there is no longer any threat of an inflationary bidding up of wage rates by competition in a short labor market. I am therefore authorizing the War Labor Board to release proposed voluntary wage increases from the necessity of approval upon condition that they will not be used in whole or in part as the basis for seeking an increase in price ceilings. Proposed wage increases requiring price relief must continue to be passed upon by the board.

"4. The reconversion from war-time to peace-time economy will undoubtedly give rise to maladjustments and inequities in wage rates which will tend to interfere with the effective transition to a peace-time economy. For the remaining period of its existence, the Board should be given authority to deal with these maladjustments and inequities, whose scope and nature cannot be clearly foreseen. I am therefore issuing a new executive order which will carry forward the criteria for passing upon wage increases as originally laid down in Executive Order 9250, and which will also vest in the Board authority to approve or direct increases which are necessary to aid in the effective transition to a peace-time economy. The new executive order will continue the previous requirements that any proposed wage increase affecting prices, if approved or directed by the Board, will become effective only if also approved by the Director of Economic Stabilization.

"5. The War Labor Board should be terminated as soon after the conclusion of the forthcoming industry-labor conference as the orderly disposition of the work of the Board, and the provisions of the war labor disputes act, permit; and after facilities have been provided to take care of the wage-stabilization functions under the act of Oct. 2, 1942.

"6. Meanwhile, the strengthening of the Department of Labor, and the unification under it of functions properly belonging to it, are going forward under plans being formulated by the Secretary of Labor. In these plans, particular stress is being laid on the upbuilding of the United States Conciliation Service. With the return to a peace-time economy and the elimination of the present temporary war-time agencies and procedures, we must look to collective bargaining, aided and supplemented by a truly effective system of conciliation and voluntary arbitration, as the best and most democratic method of maintaining sound industrial relations."

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mand with particular emphasis on sportswear. Piece goods continued selling in substantial volume, while sales of white goods lagged.

No great change was noted in the furniture business. Sales of paint, lumber, and hardware items continued strong with a slightly better supply reported. Blankets, notions, aluminum household furnishings, and electrical appliances were more readily obtainable. Dollar volume of filling stations rose considerably with the lifting of gasoline rationing.

Dollar volume of restaurant and liquor stores increased sharply over the preceding week and year.

Retail sales for the country were estimated at 4 to 9% above a year ago. Regional percentage increases were: New England 0 to 5, East 3 to 8, Northwest 4 to 7, South 2 to 6, Southwest 5 to 10, Pacific Coast and Middle West 7 to 11.

Wholesale markets were quiet during the latter part of the week as many resident buying offices were either closed or transacted business at a generally slower pace. No change was reported in sales volume for the week which was slightly below a year ago; there was, however, a tone of optimism noted in most markets. Retailers are eagerly buying Fall and Winter staple merchandise wherever offered, but an unseasonal demand for some summer merchandise still obtains.

Department store sales on a country-wide basis, as taken from the Federal Reserve Board's index for the week ended Aug. 11, 1945, increased by 18% and compared with a gain of 22% in the preceding week. For the four weeks ended Aug. 11, 1945, sales increased by 17%, and for the year to date by 13%.

Retail trade in New York last week held to a good pace notwithstanding the two-day holiday. Business on Friday was exceptionally good, due apparently in large measure to the previous two-day closing. No changes of significance have taken place in wholesale markets following the termination of the war with Japan, according to buyers, but Government efforts to hasten reconversion, it is hoped, will make available greater supplies of both soft and hard goods earlier than was previously looked for. Heavy military cancellations are expected to increase to a large extent the supply of wool goods. Following Labor Day a sizable migration of all types of buyers will enter the wholesale markets here. The failure of retailers to accept deliveries during the Victory holidays caused wholesale food volume to show a decline for the week.

According to the Federal Reserve Bank's index, department store sales in New York City for the weekly period to Aug. 11, 1945, increased by 26% above the same period of last year. This compared with a gain of 31% in the preceding week. For the four weeks ended Aug. 11, 1945, sales rose by 24% and for the year to date by 15%.

National Fertilizer Association Commodity Price Index Advances to Previous Peak

The weekly wholesale commodity price index compiled by The National Fertilizer Association made public on Aug. 20, advanced fractionally to the previous all-time peak of 141.7 for the week ended Aug. 18, 1945, from 141.6 in the preceding week. A month ago the index stood at 141.3, and a year ago at 138.3, all based on the 1935-1939 average as 100. The Association's report added:

Two of the composite groups of the index advanced during the week and two declined. The foods group advanced with a substantial gain in the price for potatoes. The fuels index advanced slightly because of higher quotations for coke. The farm products group declined slightly with lower prices for cotton and most grains more than offsetting the higher prices for eggs. The textile index declined slightly. All other groups of the index remained unchanged.

During the week 4 price series in the index advanced and 6 declined; in the preceding week 2 advanced and 10 declined; in the second preceding week 8 advanced while only 1 declined.

WEEKLY WHOLESALE COMMODITY PRICE INDEX
Compiled by The National Fertilizer Association
1935-1939=100*

% Each Group Bears to the Total Index	Group	Latest Week Aug. 18, 1945	Preceding Week Aug. 11, 1945	Month Ago July 21, 1945	Year Ago Aug. 19, 1944
25.3	Food	144.9	144.2	142.7	139.9
	Fats and Oils	145.0	145.0	145.0	145.1
	Cottonseed Oil	162.4	162.4	162.4	163.1
23.0	Farm Products	167.4	167.8	167.6	161.0
	Cotton	212.2	214.3	215.5	206.4
	Grains	158.8	160.7	163.0	155.2
	Livestock	163.4	163.0	161.8	155.4
17.3	Fuels	134.5	134.2	133.3	130.1
10.8	Miscellaneous Commodities	133.9	133.9	133.7	132.2
8.2	Textiles	156.7	157.0	157.2	153.1
7.1	Metals	108.9	108.9	108.9	104.4
6.1	Building Materials	153.8	153.8	153.8	154.0
1.3	Chemicals and Drugs	125.8	125.8	125.8	126.9
.3	Fertilizer Materials	118.3	118.3	118.3	118.3
.3	Fertilizers	119.9	119.9	119.9	119.7
.3	Farm Machinery	104.8	104.8	104.8	104.5
100.0	All groups combined	141.7	141.6	141.3	138.3

*Indexes on 1926-1928 base were: Aug. 18, 1945, 110.4; Aug. 11, 1945, 110.3, and Aug. 19, 1944, 107.7.

Electric Output for Week Ended Aug. 18, 1945 11.5% Below That for Same Week Last Year

The Edison Electric Institute, in its current weekly report, estimated that the production of electricity by the electric light and power industry of the United States for the week ended Aug. 18, 1945, was approximately 3,939,195,000 kwh., which compares with 4,451,076,000 kwh. in the corresponding week a year ago and 4,395,337,000 kwh. in the week ended Aug. 11, 1945. The output of the week ended Aug. 18, 1945, was 11.5% below that for the same week last year.

The sharp decline registered in the output for the week ended Aug. 18, 1945, reflected the sharp cutbacks in industrial contracts since the end of the war with Japan. Some electric concerns operating in highly industrialized areas were reported to have lost nearly one-third of their wartime load.

PERCENTAGE DECREASE UNDER SAME WEEK LAST YEAR

	Week Ended			
Major Geographical Divisions—	Aug. 18	Aug. 11	Aug. 4	July 28
New England	19.3	2.6	2.1	1.5
Middle Atlantic	12.5	*1.7	*1.6	*2.8
Central Industrial	18.8	4.6	2.4	0.4
West Central	6.0	*0.8	*5.4	*5.8
Southern States	1.6	*6.2	*6.9	*6.5
Rocky Mountain	11.7	3.9	0.9	1.8
Pacific Coast	8.9	2.1	2.2	*4.1
Total United States	11.5	0.5	*0.7	*1.0

*Increase over similar week in previous year.

DATA FOR RECENT WEEKS (Thousands of Kilowatt-Hours)

Week Ended—	1945	1944	% Change over 1944	1943	1932	1929
May 5	4,397,330	4,233,756	+ 3.9	3,903,723	1,436,928	1,698,942
May 12	4,302,381	4,238,375	+ 1.5	3,969,161	1,435,731	1,704,426
May 19	4,377,221	4,245,678	+ 3.1	3,992,250	1,425,151	1,705,460
May 26	4,329,605	4,291,750	+ 0.9	3,990,040	1,381,452	1,615,085
June 2	4,203,502	4,144,490	+ 1.4	3,925,893	1,435,471	1,689,925
June 9	4,327,028	4,264,600	+ 1.5	4,040,376	1,441,532	1,699,227
June 16	4,348,413	4,287,251	+ 1.4	4,098,401	1,440,541	1,702,501
June 23	4,358,277	4,325,417	+ 0.8	4,120,038	1,456,961	1,723,428
June 30	4,353,351	4,327,359	+ 0.6	4,110,793	1,341,730	1,592,075
July 7	3,978,426	3,940,854	+ 1.0	3,919,398	1,415,704	1,711,625
July 14	4,295,254	4,377,152	— 1.9	4,184,143	1,433,903	1,727,225
July 21	4,384,547	4,380,930	+ 0.1	4,196,357	1,440,386	1,732,031
July 28	4,434,841	4,390,762	+ 1.0	4,226,705	1,426,986	1,724,728
Aug. 4	4,432,304	4,399,433	+ 0.7	4,240,638	1,415,122	1,729,667
Aug. 11	4,395,337	4,415,368	— 0.5	4,287,827	1,431,910	1,733,110
Aug. 18	3,939,195	4,451,076	—11.5	4,264,824	1,436,440	1,750,056
Aug. 25		4,418,298		4,322,195	1,464,700	1,761,594
Sep. 1		4,414,735		4,350,511	1,423,977	1,674,588

June Truckloadings Off

The volume of freight transported by motor carriers in June decreased 2.6% below May, and 2.2% below June, 1944, according to American Trucking Associations, Inc., which further reported as follows:

Comparable reports received by ATA from 244 carriers in 41 states showed these carriers transported an aggregate of 1,915,646 tons in June, as against 1,967,460 tons in May and 1,958,679 tons in June, 1944.

The ATA index figure, computed on the basis of the average monthly tonnage of the reporting carriers for the three-year period of 1938-1940 as representing 100, was 173.93.

Approximately 86% of all tonnage transported in the month was hauled by carriers of general freight. The volume in this category decreased 2.4% below May, and was 1.3% below June, 1944.

Transportation of petroleum products, accounting for about 9% of the total tonnage reported, showed a decrease of 1.3% below May and 11.4% below June of last year.

Carriers of iron and steel products hauled about 2% of the total tonnage. Their traffic volume was 9.4% below May, but there was practically no change from June, 1944.

About 3% of the total tonnage reported consisted of miscellaneous commodities, including tobacco, milk, textile products, coke, bricks, building materials, cement and household goods. Tonnage in this class decreased 9.3% below May and 0.3% below June of last year.

Moody's Bond Prices And Bond Yield Averages

Moody's computed bond prices and bond yield averages are given in the following table.

MOODY'S BOND PRICES†
(Based on Average Yields)

1945— Daily Averages	U. S. Govt. Bonds	Avge. Corporate rate*	Corporate by Ratings*				Corporate by Groups*		
			Aaa	Aa	A	Baa	R. R.	P. U.	Indus.
Aug. 21	121.70	115.63	120.84	118.80	115.82	107.80	112.56	115.63	119.20
20	121.75	115.82	120.84	119.00	116.02	107.98	112.56	115.63	119.41
18	Stock Exchange Closed								
17	121.91	115.82	120.84	119.00	116.22	108.16	112.56	115.82	119.41
16	Stock Exchange Closed								
15	Stock Exchange Closed								
14	122.09	115.82	120.84	119.00	116.22	108.16	112.75	115.82	119.41
13	122.11	115.82	120.84	119.00	116.02	108.34	112.75	115.63	119.41
11	Stock Exchange Closed								
10	122.14	116.02	121.04	119.20	116.02	108.34	112.93	115.82	119.41
9	122.15	116.02	121.04	119.20	116.22	108.34	113.12	115.82	119.41
8	122.20	116.02	121.04	119.20	116.02	108.34	112.93	115.82	119.20
7	122.25	116.02	120.84	119.00	116.02	108.34	112.93	115.82	119.00
6	122.33	116.02	120.84	119.20	116.02	108.34	113.12	115.82	119.00
4	Stock Exchange Closed								
3	122.36	115.82	120.84	119.20	116.02	108.16	112.93	115.82	119.00
2	122.30	116.02	120.84	119.41	116.02	108.16	112.93	115.82	119.20
1	122.28	115.82	120.84	119.41	115.82	108.16	112.93	115.82	119.20
July 27	122.39	115.82	120.84	119.20	115.82	108.16	112.93	115.63	119.00
20	122.80	116.02	121.04	119.41	116.02	108.34	112.93	115.63	119.41
13	122.89	116.22	121.04	119.61	116.22	108.34	113.31	115.63	119.61
6	122.92	116.02	121.04	119.41	116.02	108.16	112.93	115.63	119.61
June 29	122.93	116.02	121.04	119.20	116.02	108.16	112.93	115.43	119.41
22	122.97	115.82	120.84	119.20	115.82	107.80	112.75	115.43	119.20
15	122.97	115.82	120.84	119.20	115.82	107.80	112.75	115.43	119.41
8	122.81	115.63	120.84	119.00	115.63	107.62	112.37	115.24	119.41
1	122.23	115.43	120.63	119.00	115.43	107.44	112.37	114.85	119.20
May 25	122.29	115.43	120.63	118.80	115.43	107.44	112.19	114.85	119.20
18	122.31	115.43	120.63	118.80	115.43	107.27	112.19	114.66	119.41
11	122.26	115.24	120.84	118.40	115.43	107.09	112.19	114.46	119.41
4	122.38	115.24	120.84	118.40	115.24	107.09	112.00	114.27	119.41
Apr. 27	122.38	115.24	120.84	118.40	115.04	107.09	112.19	114.27	119.20
Mar. 31	122.01	114.85	121.04	118.40	114.85	106.04	111.25	114.27	119.20
Feb. 23	121.92	114.66	[illegible]0.02	118.60	114.46	106.04	110.52	114.08	119.41
Jan. 26	120.88	113.89	119.41	118.00	113.70	105.17	109.24	113.89	118.60
High 1945	123.05	116.22	121.04	119.61	116.22	108.34	113.31	115.82	119.61
Low 1945	120.55	113.50	118.80	117.80	113.30	104.48	108.52	113.70	118.20
1 Year Ago									
Aug. 21, 1944	119.88	112.75	118.60	117.20	112.56	103.30	106.92	114.27	117.20
2 Years Ago									
Aug. 21, 1943	120.20	111.25	119.20	116.80	111.62	99.04	103.30	114.08	117.00

MOODY'S BOND YIELD AVERAGES
(Based on Individual Closing Prices)

1945— Daily Averages	U. S. Govt. Bonds	Avge. Corporate rate*	Corporate by Ratings*				Corporate by Groups*		
			Aaa	Aa	A	Baa	R. R.	P. U.	Indus.
Aug. 21	1.69	2.87	2.61	2.71	2.86	3.29	3.03	2.87	2.69
20	1.68	2.86	2.61	2.70	2.85	3.28	3.03	2.87	2.68
18	Stock Exchange Closed								
17	1.67	2.86	2.61	2.70	2.84	3.27	3.03	2.86	2.68
16	Stock Exchange Closed								
15	Stock Exchange Closed								
14	1.66	2.86	2.61	2.70	2.84	3.27	3.02	2.86	2.68
13	1.66	2.86	2.61	2.70	2.85	3.26	3.02	2.87	2.68
11	Stock Exchange Closed								
10	1.65	2.85	2.60	2.69	2.85	3.26	3.01	2.86	2.68
9	1.65	2.85	2.60	2.69	2.84	3.26	3.00	2.86	2.68
8	1.65	2.85	2 60	2.69	2.85	3.26	3.01	2.86	2.69
7	1.65	2.86	2.61	2.70	2.85	3.26	3.01	2.86	2.70
6	1.64	2.85	2.61	2.69	2.85	3.26	3.00	2.86	2.70
4	Stock Exchange Closed								
3	1.64	2.86	2.61	2.69	2.85	3.27	3.01	2.86	2.70
2	1.64	2.85	2.61	2.68	2.85	3.27	3.01	2.86	2.69
1	1.64	2.86	2.61	2.68	2.86	3.27	3.01	2.86	2.69
July 27	1.64	2.86	2.61	2.69	2.86	3.27	3.01	2.87	2.70
20	1.60	2.85	2.60	2.68	2.85	3.26	3.01	2.87	2.68
13	1.60	2.84	2.60	2.67	2.84	3.26	2.99	2.87	2.67
6	1.60	2.85	2.60	2.68	2.85	3.27	3.01	2.87	2.67
June 29	1.60	2.85	2.60	2.69	2.85	3.27	3.01	2.88	2.68
22	1.59	2.86	2.61	2.69	2.86	3.29	3.02	2.88	2.69
15	1.59	2.86	2.61	2.69	2.86	3.29	3.02	2.88	2.68
8	1.60	2.87	2.61	2.70	2.87	3.30	3.04	2.89	2.68
1	1.64	2.88	2.62	2.70	2.88	3.31	3.04	2.91	2.69
May 25	1.64	2.88	2.62	2.71	2.88	3.31	3.05	2.91	2.69
18	1.64	2.88	2.62	2.71	2.88	3.32	3.05	2.92	2.68
11	1.64	2.89	2.61	2.73	2.88	3.33	3.05	2.93	2.68
4	1.63	2.89	2.61	2.73	2.89	3.33	3.06	2.94	2.68
Apr. 27	1.63	2.89	2.61	2.73	2.90	3.33	3.05	2.94	2.69
Mar. 31	1.66	2.91	2.60	2.73	2.91	3.39	3.10	2.94	2.69
Feb. 23	1.69	2.92	2.65	2.72	2.93	3.39	3.14	2.95	2.68
Jan. 26	1.77	2.96	2.68	2.75	2.97	3.44	3.21	2.96	2.72
High 1945	1.80	2.98	2.71	2.76	2.99	3.48	3.25	2.97	2.74
Low 1945	1.59	2.84	2.60	2.67	2.84	3.26	2.99	2.86	2.67
1 Year Ago									
Aug. 21, 1944	1.81	3.02	2.72	2.79	3.03	3.55	3.34	2.94	2.79
2 Years Ago									
Aug. 21, 1943	1.84	3.10	2.69	2.81	3.08	3.81	3.55	2.95	2.80

*These prices are computed from average yields on the basis of one "typical" bond (3¾% coupon, maturing in 25 years) and do not purport to show either the average level or the average movement of actual price quotations. They merely serve to illustrate in a more comprehensive way the relative levels and the relative movement of yield averages, the latter being the true picture of the bond market.

†The latest complete list of bonds used in computing these indexes was published in the issue of Jan. 14, 1943, page 202.

Civil Engineering Construction $49,135,000 for Week—Tops Last Week and Week Last Year

Civil engineering construction volume in continental United States totals $49,135,000 for the week, an increase of 63% over the preceding week, 16% above the corresponding week last year, but 0.1% below the previous four-week moving average as reported to "Engineering News-Record." The report made public on Aug. 16 went on to say:

Private construction tops last week by 39%, and is 728% higher than in the 1944 week, primarily as a result of the increased volume of industrial building construction. Public construction is 92% over a week ago, but is down 34% compared with a year ago. State and municipal construction and Federal work both top their respective totals for last week, but both are under their 1944-week volumes.

The current week's construction brings 1945 volume to $1,202,809,000, for the 33-week period, a 3% increase over the $1,164,051,000 reported for the period in 1944. Private construction, $369,793,000, is 43% greater than a year ago, but public work, $838,016,000, is down 8% due to the 15% decrease in Federal volume. State and municipal construction, $197,872,000, is 26% above the 1944 period's total.

Civil engineering construction volumes for the current week, last week, and the 1944 week are:

	*Aug. 16, 1945	Aug. 9, 1945	Aug. 17, 1944
Total U. S. construction	$49,135,000	$30,184,000	$42,335,000
Private construction	23,184,000	16,639,000	2,800,000
Public construction	25,951,000	13,545,000	39,535,000
State and municipal	6,808,000	4,908,000	7,540,000
Federal	19,143,000	8,637,000	31,995,000

*Current week's statistics.

In the classified construction groups, gains over last week are reported in waterworks, bridges, industrial, commercial and public buildings, earthwork and drainage, and streets and roads. Increases over the corresponding 1944 week are in waterworks, bridges, industrial and commercial buildings, and earthwork and drainage. Subtotals for the week in each class of construction are: waterworks, $3,812,000; sewerage, $1,415,000; bridges, $370,000; industrial buildings, $17,958,000; commercial building and private mass housing, $4,305,000; public buildings, $11,577,000; earthwork and drainage, $2,454,000; streets and roads, $4,067,000; and unclassified construction, $3,177,000.

New capital for construction purposes for the week totals $8,032,000. It is made up of $5,500,000 in state and municipal bond sales, and $2,532,000 in corporate security issues. The week's new construction financing brings 1945 volume to $1,523,208,000 for the 33 weeks, a total 4% below the $1,582,246,000 reported for the period in 1944.

Post-War Construction Planning Volume $22.1 Billions

Identified and recorded engineering projects proposed for construction in the post-war years total $22,145,751,000, according to reports to "Engineering News-Record" in the period from Jan. 1, 1943 through Aug. 9, 1945. Plans are under way or completed on post-war projects valued at $9,966,509,000, 45% of the total volume proposed, and on $1,706,388,000 worth of projects all financing arrangements have been completed.

Steel Output Drops Sharply – Cancellations Of Orders Not As Rapid as Anticipated

"The steel industry this week was still attempting to bring a semblance of order out of the temporary chaos in steel mill schedules occasioned by war contract cancellations, many of which have not yet reached the mill level," states "The Iron Age" in its issue of today (Aug. 23), which further adds in part: "That it may take some time before steel activity gets back to normal seems to be apparent. This is especially true because of the slowness in war contract cancellations in reaching mill books.

"Cancellations of steel orders on mill schedules have not been as rapid as anticipated. Consequently, there are still many orders on the books which will eventually be canceled and until such time as this takes place, complete reconversion of the steel industry to peacetime operation will be hindered.

"Steel shipments so far this month compare favorably with last month's volume and in many cases shipments are still behind orders. One steel firm during the first half of August booked about 130,000 tons more than it shipped. Most of this business is firm regardless of war contract cancellations.

"There is some concern that many consuming industries will not be immediately able to take steel in quantities which would warrant a high level of operations at steel mills. While the railroads, warehouses, freight carbuilders, automobile manufacturers and farm equipment producers will be able to take sizable deliveries of steel, many other industries such as appliance manufacturers still have a major reconversion problem which may take weeks to solve.

"One mill estimates that it had cancellations for about 10% of its rated orders during the first two days after V-J Day. The bulk of the tonnage represented by these cancellations involved material calling for August and September delivery. Cancellations at the mill level are expected to pour into steel mills over the next several weeks, which will make it difficult to set up economic rolling schedules.

"There appears to be a substantial volume of unvalidated steel tonnage which mills can work on as quickly as schedules can be made. One mill reports it has confirmed orders which total 1,300,000 tons. Of this 22% was for hot rolled sheets; 16% cold rolled sheets; 10% galvanized sheets; 14% bars; 7% plates; 4% structural; 4% strip steel and 3% alloy steel. It appears that flat rolled requirements comprise about 60% of the firm orders on mill books.

"Cold rolled sheet, tinplate and galvanized sheet tonnage so far have been relatively untouched by the flood of cancellations. Unless reshuffling of advanced schedules is done on the initiative of the mills themselves, steel buyers previously classified as unrated will not find their prospects for early delivery improved. That the mills themselves may take a hand in spreading out early deliveries scheduled for such consumers as warehouses, farm implement makers and railroads is within the realm of probability. Such action would allow civilian industries awaiting steel for their reconversion plans to secure steel sooner than if extended schedules were allowed to run their course. Some mills are said to be considering setting aside a portion of warehouse orders in order to serve the big civilian consumers directly in the belief that forcing these consumers to turn to warehouses for materials is no help to reconversion.

"The Canadian steel industry is going through much the same production pattern as American mills. Heavy cancellations of war contracts in Canada will release substantial steel tonnages for civilian use. Canceling of war orders will have little or no effect on Canadian steel mill bookings, since civilian demand will absorb all the slack which may develop through the loss of war business."

The American Iron and Steel Institute on Aug. 20 announced that telegraphic reports which it had received indicated that the operating rate of steel companies having 94% of the steel capacity of the industry will be 69.9% of capacity for the week beginning Aug. 20, compared with 82.5% one week ago, 90.7% one month ago and 94.1% one year ago. The operating rate for the week beginning Aug. 20 is equivalent to 1,280,300 tons of steel ingots and castings, compared to 1,511,100 tons one week ago, 1,661,300 tons one month ago, and 1,692,800 tons one year ago. The operating rate for the week beginning Aug. 20 is the lowest since the week of May 6, 1940 when the defense program was just getting under way and when the operating rate was at a 65.8% basis.

"Steel" of Cleveland, in its summary of the iron and steel markets, on Aug. 20 stated in part as follows: "Cancellations of steel orders are certain to follow government orders for cessation in manufacturing implements of war now that the Pacific phase is closed, but these are not expected to cause more than temporary interruption of steel production.

"The drop is expected to be substantial while schedules are being revised to meet new conditions but a quick rebound is foreseen. Some predictions are for a decline to the 70% of capacity but a higher figure is likely within a short time and 90% is seen by some observers for later months this year.

"Within a short time automobile production will be well under way, with such other durable goods as washing machines, mechanical refrigerators, railroad cars, agricultural implements, increased building construction, container manufacture and many other lines. All these lines have been pressing for steel supply on unrated orders, which were impossible to fill as long as war needs held precedence.

"Cancellations currently overshadow those experienced at the end of the European phase. Even in ship work, much of which was worked off long ago, Navy cancellations in the immediate past have been about $7.2 billion. However, it is to be borne in mind that even during the peak of the war effort much steel went into essential civilian products and this will be immediately increased as soon as industry has time to reconvert and resume normal output."

June Cotton Consumption

The Census Bureau of Washington on Aug. 18 issued its report showing cotton consumed in the United States, cotton on hand, and active cotton spindles in the month of July.

In the month of July, 1945, cotton consumed amounted to 673,087 bales of lint and 102,732 bales of linters, as compared with 786,063 bales of lint and 117,992 bales of linters in June and 723,402 bales of lint and 133,482 bales of linters in July, 1944.

In the 12 months ending July 31 cotton consumption was 9,575,829 bales of lint and 1,481,063 bales of linters, which compares with 9,943,370 bales of lint and 1,364,794 bales of linters in the corresponding period a year ago.

There were 1,962,602 bales of lint and 245,998 bales of linters on hand in consuming establishments on July 31, 1945, which compares with 2,045,952 bales of lint and 289,455 bales of linters on June 30, 1945, and 1,873,537 bales of lint and 334,753 bales of linters on July 31, 1944.

On hand in public storage and at compresses on July 31, 1945, there were 8,372,539 bales of lint and 26,980 bales of linters, which compares with 9,195,258 bales of lint and 30,457 bales of linters on June 30, and 8,285,432 bales of lint and 56,993 bales of linters on July 31, 1944.

There were 22,030,280 cotton spindles active during July, which compares with 22,188,330 cotton spindles active during June, 1945, and with 22,030,280 active cotton spindles during July, 1944.

Moody's Daily Commodity Index

Tuesday, Aug. 14	254.8
Wednesday, Aug. 15	*
Thursday, Aug. 16	*
Friday, Aug. 17	254.2
Saturday, Aug. 18	253.9
Monday, Aug. 20	253.4
Tuesday, Aug. 21	253.7
Two weeks ago, Aug. 7	254.8
Month ago, July 21	254.7
Year ago, Aug. 21	250.6
1944 High, Dec. 31	254.4
Low, Nov. 1	245.7
1945 High, June 12	258.0
Low, Jan. 24	252.1

*Holiday.

Trading on New York Exchanges

The Securities and Exchange Commission made public on Aug. 15 figures showing the volume of total round-lot stock sales on the New York Stock Exchange and the New York Curb Exchange and the volume of round-lot stock transactions for the account of all members of these exchanges in the week ended July 28, continuing a series of current figures being published weekly by the Commission. Short sales are shown separately from other sales in these figures.

Trading on the Stock Exchange for the account of members (except odd-lot dealers) during the week ended July 28 (in round-lot transactions) totaled 1,610,201 shares, which amount was 16.35% of the total transactions on the Exchange of 4,925,100 shares. This compares with member trading during the week ended July 21, of 1,996,206 shares, or 16.64% of the total trading of 5,998,000 shares. On the New York Curb Exchange, member trading during the week ended July 28 amounted to 350,900 shares or 16.37% of the total volume on that exchange of 1,071,640 shares. During the week ended July 21 trading for the account of Curb members of 402,685 shares was 14.40% of the total trading of 1,398,470 shares.

Total Round-Lot Stock Sales on the New York Stock Exchange and Round-Lot Stock Transactions for Account of Members* (Shares)

WEEK ENDED JULY 28

	Total for week	†%
A. Total Round-Lot Sales:		
Short sales	156,830	
‡Other sales	4,768,270	
Total sales	4,925,100	
B. Round-Lot Transactions for Account of Members, Except for the Odd-Lot Accounts of Odd-Lot Dealers and Specialists:		
1. Transactions of specialists in stocks in which they are registered—		
Total purchases	419,540	
Short sales	56,380	
‡Other sales	339,070	
Total sales	395,450	8.28
2. Other transactions initiated on the floor—		
Total purchases	138,320	
Short sales	11,100	
‡Other sales	214,410	
Total sales	225,510	3.69
3. Other transactions initiated off the floor—		
Total purchases	144,190	
Short sales	44,750	
‡Other sales	242,441	
Total sales	287,191	4.38
4. Total—		
Total purchases	702,050	
Short sales	112,230	
‡Other sales	795,921	
Total sales	908,151	16.35

Total Round-Lot Stock Sales on the New York Curb Exchange and Stock Transactions for Account of Members* (Shares)

WEEK ENDED JULY 28

	Total for week	†%
A. Total Round-Lot Sales:		
Short sales	12,820	
‡Other sales	1,058,820	
Total sales	1,071,640	
B. Round-Lot Transactions for Account of Members:		
1. Transactions of specialists in stocks in which they are registered—		
Total purchases	104,900	
Short sales	5,920	
‡Other sales	107,130	
Total sales	113,050	10.17
2. Other transactions initiated on the floor—		
Total purchases	19,200	
Short sales	600	
‡Other sales	31,160	
Total sales	31,760	2.38
3. Other transactions initiated off the floor—		
Total purchases	41,630	
Short sales	3,200	
‡Other sales	37,160	
Total sales	40,360	3.82
4. Total—		
Total purchases	165,730	
Short sales	9,720	
‡Other sales	175,450	
Total sales	185,170	16.37
C. Odd-Lot Transactions for Account of Specialists—		
Customers' short sales	0	
§Customers' other sales	53,874	
Total purchases	53,874	
Total sales	42,446	

*The term "members" includes all regular and associate Exchange members, their firms and their partners, including special partners.

†In calculating these percentages the total of members' purchases and sales is compared with twice the total round-lot volume on the Exchange for the reason that the Exchange volume includes only sales.

‡Round-lot short sales which are exempted from restriction by the Commission's rules are included with "other sales."

§Sales marked "short exempt" are included with "other sales."

Weekly Coal and Coke Production Statistics

The total production of bituminous coal and lignite during the week ended Aug. 11, 1945, is estimated by the United States Bureau of Mines at 11,540,000 net tons, an increase of 240,000 tons, or 2.1%, over the preceding week. Output in the corresponding week of 1944 was 12,142,000 tons. The total production of soft coal from Jan. 1 to Aug. 11, 1945 is estimated at 363,496,000 net tons, a decrease of 6.6% when compared with the 389,068,000 tons produced during the period from Jan. 1 to Aug. 12, 1944.

Production of Pennsylvania anthracite for the week ended Aug. 11, 1945, as estimated by the Bureau of Mines, was 1,174,000 tons, a decrease of 32,000 tons (2.7%) from the preceding week. When compared with the output in the corresponding week of 1944 there was a decrease of 58,000 tons, or 4.7%. The calendar year to date shows a decrease of 15.9% when compared with the corresponding period of 1944.

The Bureau also reports that the estimated production of beehive coke in the United States for the week ended Aug. 11, 1945 showed an increase of 4,700 tons when compared with the output for the week ended Aug. 4, 1945; but was 21,200 tons less than for the corresponding week of 1944.

ESTIMATED UNITED STATES PRODUCTION OF BITUMINOUS COAL AND LIGNITE IN NET TONS

	Week Ended			Jan. 1 to Date	
Bituminous coal & lignite—	Aug. 11, 1945	*Aug. 4, 1945	Aug. 12, 1944	†Aug. 11, 1945	Aug. 12, 1944
Total, including mine fuel	11,540,000	11,300,000	12,142,000	363,496,000	389,068,000
Daily average	1,923,000	1,883,000	2,024,000	1,920,000	2,037,000

*Revised. †Subject to current adjustment.

ESTIMATED PRODUCTION OF PENNSYLVANIA ANTHRACITE AND COKE (In Net Tons)

	Week Ended			Calendar Year to Date		
Penn. anthracite—	‡Aug. 11, 1945	§Aug. 4, 1945	Aug. 12, 1944	Aug. 11, 1945	Aug. 12, 1944	Aug. 14, 1937
*Total incl. coll. fuel	1,174,000	1,206,000	1,232,000	33,561,000	39,905,000	32,370,000
†Commercial produc.	1,127,000	1,158,000	1,183,000	32,220,000	38,309,000	30,752,000
Beehive coke—						
United States total	102,200	97,500	123,400	3,676,200	4,699,300	2,235,000

*Includes washery and dredge coal, and coal shipped by truck from authorized operations. †Excludes colliery fuel. ‡Subject to revision. §Revised.

ESTIMATED WEEKLY PRODUCTION OF BITUMINOUS COAL AND LIGNITE, BY STATES, IN NET TONS

(The current weekly estimates are based on railroad carloadings and river shipments and are subject to revision on receipt of monthly tonnage reports from district and State sources or of final annual returns from the operators.)

	Week Ended		
State—	Aug. 4, 1945	July 28, 1945	Aug. 5, 1944
Alabama	400,000	399,000	353,000
Alaska	6,000	6,000	5,000
Arkansas and Oklahoma	96,000	92,000	88,000
Colorado	131,000	126,000	127,000
Georgia and North Carolina	1,000	*	*
Illinois	1,442,000	1,487,000	1,474,000
Indiana	515,000	507,000	518,000
Iowa	58,000	48,000	41,000
Kansas and Missouri	120,000	104,000	156,000
Kentucky—Eastern	741,000	943,000	969,000
Kentucky—Western	345,000	390,000	340,000
Maryland	38,000	42,000	39,000
Michigan	3,000	2,000	3,000
Montana (bitum. & lignite)	90,000	90,000	79,000
New Mexico	27,000	28,000	30,000
North & South Dakota (lignite)	40,000	41,000	39,000
Ohio	758,000	757,000	668,000
Pennsylvania (bituminous)	2,761,000	2,890,000	2,913,000
Tennessee	123,000	135,000	124,000
Texas (bituminous & lignite)	1,000	1,000	2,000
Utah	125,000	127,000	128,000
Virginia	303,000	363,000	379,000
Washington	29,000	27,000	28,000
†West Virginia—Southern	1,920,000	2,075,000	2,201,000
‡West Virginia—Northern	1,045,000	1,120,000	1,033,000
Wyoming	182,000	195,000	160,000
§Other Western States	*	*	*
Total bituminous & lignite	11,300,000	11,995,000	11,957,000

†Includes operations on the N. & W.; C. & O.; Virginian; K. & M.; B. C. & G.; and on the B. & O. in Kanawha, Mason, and Clay counties. ‡Rest of State, including the Panhandle District and Grant, Mineral, and Tucker counties. §Includes Arizona and Oregon. *Less than 1,000 tons.

Non-Ferrous Metals—Markets Inactive as War Ends—Copper Deliveries Off—Mercury Lower

"E. & M. J. Metal and Mineral Markets," in its issue of Aug. 16, stated: "Japan surrendered after the markets closed on Tuesday, Aug. 14, and there was no trading in metals on the two days that followed this momentous announcement. Confusion over the status of the war obtained throughout the last week, and activity in metals, excepting lead, moderated. With cancellation of contracts coming through on all war materials, producers look for widespread confusion until civilian production can be brought to a higher level to absorb the shock. Quicksilver continued to decline in an almost dead market for the metal, but quotations for the major metals were easily maintained. Iridium, one of the metals in the platinum group, was easier. The London market was closed Aug. 15 and 16." The publication further went on to say in part as follows:

Copper

The Copper Institute's statistics for July revealed that the deliveries to customers continued to decline in that month, falling to 8,661 tons, the lowest monthly total since July, 1940. The peak in deliveries was 218,488 tons in March of the current year. The industry maintains that actual consumption of copper in July was in excess of the tonnage delivered, because most fabricators were engaged in the process of reducing their inventories to cope with the changed conditions brought on by cutbacks in the war program.

Action in reference to purchases of foreign copper and the future of the premium price plan is likely in the near future, but the industry believes that nothing will be done in Washington to upset the domestic market. With cutbacks in war products containing copper coming through daily, the level of consumption for the next month or two is not expected to change materially one way or the other. Deflation in copper consumption already has been severe. Uncertaintly exists in regard to the foreign situation, but this has not yet been reflected in quotations.

Mine production of copper in this country in June was estimated at 69,012 tons, which compares with 71,419 tons in May and 68,077 tons in April, according to the Bureau of Mines.

Lead

Sales of lead were in good volume and would have been larger if a strike at the Federal plant of the American Smelting & Refining Co., at Federal, Ill., had not caused some producers to limit their offerings. The sales total for the week ended Aug. 15 was 6,383 tons, against 7,759 tons in the preceding week. The last day of the week was a holiday. Restrictions on use of lead are expected to be eased further, particularly in reference to white lead.

Mine output of lead in the United States, in terms of recoverable metal, was 33,476 tons in June, a decrease of 1,440 tons from the total for the preceding month, the Bureau of Mines reports. The daily rate of production for June was 1,116 tons, against 1,126 tons in May.

Zinc

Call for zinc was moderate during the last week. The supply situation is easing in all directions and the industry hopes for the elimination of all controls on zinc at an early date. Cutbacks in galvanizing for the war program are taking place, which is expected to divert more Prime Western zinc for civilian products. The bottleneck in sheet steel will be broken soon.

Tin

Holding to the view that production of tin in the Far East cannot be resumed on a scale to influence the supply-demand situation in the metal for some time to come, the War Production Board continues to issue dire warnings to consumers, particularly where reconversion plans call for tin in one form or another. New restrictions on both use and inventories were issued last week in Direction 2 to Order M-43.

There were no new developments last week in reference to the extension of the contract to purchase tin concentrates from Bolivian sources.

Quotations for Straits quality tin continued on the basis of 52 cents per pound. Forward quotations were nominally as follows:

	Aug.	Sept.	Oct.
Aug. 9	52.000	52.000	52.000
Aug. 10	52.000	52.000	52.000
Aug. 11	52.000	52.000	52.000
Aug. 13	52.000	52.000	52.000
Aug. 14	52.000	52.000	52.000
Aug. 15	Holiday		

Chinese, or 99% tin, continued at 51.125 cents per pound.

Quicksilver

With cutbacks in the battery program imminent, the trade looks for a sharp reduction in consumption. Buying of the metal came to a standstill in the last few days. Prices were largely nominal, for large consumers could not be interested to purchase metal under prevailing unsettled circumstances. There were sellers at $125@$130 per flask.

The latest statistics of the Bureau of Mines showed that 8,500 flasks of quicksilver were consumed in June, the second largest month on record. The industry expected a moderate decline in both June and July, and possibly in August. With the Japanese war ended consumption estimates have been revised downward, and general unsettlement is expected to prevail until peacetime uses, some claimed to be new, enter into the picture.

San Francisco advices under date of Aug. 14 state that most sellers have withdrawn their quotations. Production is expected to fall. Some mines are suspending operations.

Silver

The London silver market was quiet last week and the price continued at 25½d. The New York Official for foreign silver was unchanged at 44¾ cents, with domestic metal at 70⅝ cents.

NYSE Odd-Lot Trading

The Securities and Exchange Commission made public on Aug. 15 a summary for the week ended Aug. 4 of complete figures showing the daily volume of stock transactions for odd-lot account of all odd-lot dealers and specialists who handled odd lots on the New York Stock Exchange, continuing a series of current figures being published by the Commission. The figures are based upon reports filed with the Commission by the odd-lot dealers and specialists.

STOCK TRANSACTIONS FOR THE ODD-LOT ACCOUNT OF ODD-LOT DEALERS AND SPECIALISTS ON THE N. Y. STOCK EXCHANGE

Week Ended Aug. 4, 1945

	Total For Week
Odd-Lot Sales by Dealers— (Customers' sales)	
Number of orders	17,450
Number of shares	480,366
Dollar value	$18,231,888
Odd-Lot Purchases by Dealers— (Customers' sales)	
Number of Orders:	
Customers' short sales	108
*Customer's other sales	14,495
Customers' total sales	14,603
Number of Shares:	
Customers' short sales	4,190
*Customers' other sales	356,386
Customers' total sales	360,576
Dollar value	$12,987,331
Round-Lot Sales by Dealers—	
Number of Shares:	
Short sales	110
†Other sales	69,290
Total sales	69,400
Round-Lot Purchases by Dealers—	
Number of shares	203,120

*Sales marked "short exempt" are reported with "other sales."

†Sales to offset customers' odd-lot orders and sales to liquidate a long position which is less than a round lot are reported with "other sales."

Daily Average Crude Oil Production for Week Ended Aug. 11, 1945, Increased 11,950 Barrels

The American Petroleum Institute estimates that the daily average gross crude oil production for the week ended Aug. 11, 1945, was 4,934,050 barrels, a gain of 11,950 barrels over the preceding week and an increase of 266,750 barrels per day over the corresponding week of 1944. The current output figure also exceeded the daily average figure recommended by the Petroleum Administration for War for the month of August, 1945, by 33,150 barrels. Daily production for the four weeks ended Aug. 11, 1945, averaged 4,932,600 barrels. Further details as reported by the Institute follow:

Reports received from refining companies indicate that the industry as a whole ran to stills on a Bureau of Mines basis approximately 5,072,000 barrels of crude oil daily and produced 15,547,000 barrels of gasoline; 1,542,000 barrels of kerosene; 5,082,000 barrels of distillate fuel, and 9,434,000 barrels of residual fuel oil during the week ended Aug. 11, 1945; and had in storage at the end of that week 46,926,000 barrels of civilian grade gasoline; 39,381,000 barrels of military and other gasoline; 11,046,000 barrels of kerosene; 36,977,000 barrels of distillate fuel, and 42,927,000 barrels of residual fuel oil.

DAILY AVERAGE CRUDE OIL PRODUCTION (FIGURES IN BARRELS)

	*P. A. W. Recommendations August	*State Allowables Begin. Aug. 1	Actual Production Week Ended Aug. 11 1945	Actual Production Change from Previous Week	4 Weeks Ended Aug. 11 1945	Week Ended Aug. 12 1944
Oklahoma	380,000	388,000	†391,000	+ 150	390,750	339,600
Kansas	274,000	269,400	†268,250	+ 10,700	271,650	277,150
Nebraska	1,000	----	†850	----	850	900
Panhandle Texas			88,000	----	87,750	98,700
North Texas			152,850	----	152,600	148,750
West Texas			526,650	----	524,000	484,950
East Central Texas			145,600	----	142,300	147,650
East Texas			380,950	----	380,250	371,700
Southwest Texas			361,650	+ 550	361,050	321,650
Coastal Texas			567,600	----	568,250	535,200
Total Texas	2,190,000	‡2,195,012	2,223,300	+ 550	2,216,200	2,108,600
North Louisiana			69,400	— 1,100	70,200	73,850
Coastal Louisiana			295,700	----	296,300	288,950
Total Louisiana	360,000	408,698	365,100	— 1,100	366,500	362,800
Arkansas	80,000	77,836	79,900	— 150	79,800	81,000
Mississippi	53,000		52,850	+ 100	52,400	45,450
Alabama	500		950	----	950	200
Florida	----		200	----	200	50
Illinois	200,000		198,450	— 4,650	201,750	209,850
Indiana	13,000		13,200	— 200	13,350	12,950
Eastern— (Not incl. Ill., Ind., Ky.)	65,200		64,750	— 950	64,400	77,550
Kentucky	28,000		29,800	+ 250	29,700	25,300
Michigan	47,000		50,100	+ 1,600	47,900	49,400
Wyoming	118,200		117,200	+ 5,150	114,700	83,800
Montana	22,000		20,400	+ 50	20,600	21,800
Colorado	12,000		11,400	— 700	11,850	8,150
New Mexico	105,000	105,000	102,850	----	103,050	108,550
Total East of Calif.	3,948,900		3,990,550	+ 10,750	3,986,600	3,813,100
California	952,000	§952,000	943,500	+ 1,200	946,000	854,200
Total United States	4,900,900		4,934,050	+ 11,950	4,932,600	4,667,300

*PAW recommendations and State allowables, as shown above, represent the production of crude oil only, and do not include amounts of condensate and natural gas derivatives to be produced.

†Oklahoma, Kansas, Nebraska figures are for week ended 7:00 a.m. Aug. 2, 1945.

‡This is the net basic allowable as of Aug. 1 calculated on a 31-day basis and includes shutdowns and exemptions for the entire month. With the exception of several fields which were exempted entirely and of certain other fields for which shutdowns were ordered for from 2 to 15 days, the entire State was ordered shut down for 5 days, no definite dates during the month being specified; operators only being required to shut down as best suits their operating schedules or labor needed to operate leases, a total equivalent to 5 days' shutdown time during the calendar month.

§Recommendation of Conservation Committee of California Oil Producers.

CRUDE RUNS TO STILLS; PRODUCTION OF GASOLINE; STOCKS OF FINISHED AND UNFINISHED GASOLINE, GAS OIL AND DISTILLATE FUEL AND RESIDUAL FUEL OIL, WEEK ENDED AUG. 11, 1945
(Figures in thousands of barrels of 42 gallons each)

Figures in this section include reported totals plus an estimate of unreported amounts and are therefore on a —Bureau of Mines basis—

District—	% Daily Refining Capacity Reporting	Crude Runs to Stills Daily Average	Crude Runs to Stills % Operated	§Gasoline Production at Ref. Inc. Nat. Blended	‡Stocks of Gas Oil & Dist. Fuel Oil	‡Stocks of Residual Fuel oil	‡Gasoline Stocks Military and Other	‡Gasoline Stocks Civilian Grade
East Coast	99.5	811	102.5	1,843	9,630	6,212	5,741	8,271
Appalachian—								
District No. 1	76.8	100	68.5	328	414	263	1,765	1,230
District No. 2	81.2	60	120.0	189	128	168	245	1,103
Ind., Ill., Ky.	87.2	821	95.8	2,969	5,165	2,757	5,942	12,857
Okla., Kan., Mo.	78.3	394	84.0	1,374	2,416	1,393	1,666	6,356
Inland Texas	59.8	244	73.9	1,021	450	975	1,015	1,710
Texas Gulf Coast	89.3	1,238	100.1	3,791	5,411	5,396	10,181	5,660
Louisiana Gulf Coast	96.8	262	100.8	853	1,767	1,087	1,906	2,629
No. La. & Arkansas	55.9	81	64.3	238	1,034	236	150	2,075
Rocky Mountain—								
District No. 3	17.1	14	107.7	41	20	35	10	77
District No. 4	72.1	119	74.8	381	348	615	632	1,453
California	87.3	928	93.1	2,519	10,194	23,790	10,128	3,495
Total U. S. B. of M. basis Aug. 11, 1945	85.8	5,072	93.3	15,547	36,977	42,927	*39,381	46,926
Total U. S. B. of M. basis Aug. 4 1945	85.8	5,077	93.4	16,053	36,721	42,842	†38,661	†46,151
U. S. B. of M basis Aug. 12, 1944		4,546		13,869	39,414	57,222	36,580	43,135

*Includes aviation and military gasoline finished and unfinished, title to which still remains in the name of the producing company; solvents, naphthas, blending stocks currently indeterminate as to ultimate use, and 11,221,000 barrels unfinished gasoline this week, compared with 11,504,000 barrels a year ago. These figures do not include any gasoline on which title has already passed, or which the military forces may actually have in custody in their own or leased storage. †Revised due to error by reporting company. ‡Stocks at refineries, at bulk terminals, in transit and in pipe lines. §Not including 1,542,000 barrels of kerosene, 5,082,000 barrels of gas oil and distillate fuel oil and 9,434,000 barrels of residual fuel oil produced during the week ended Aug. 11, 1945, which compares with 1,458,000 barrels, 4,758,000 barrels and 9,451,000 barrels, respectively, in the preceding week and 1,438,000 barrels, 4,799,000 barrels and 8,100,000 barrels, respectively, in the week ended Aug. 12, 1944.

Note—Stocks of kerosene at Aug. 11, 1945, amounted to 11,046,000 barrels, as against 11,420,000 barrels a week earlier and 12,194,000 barrels a year before.

Wholesale Prices Unchanged in Week Ended Aug. 11, Labor Department Reports

The Bureau of Labor Statistics' index of commodity prices in primary markets remained unchanged during the week ended Aug. 11, at the level of the preceding week, said the United States Department of Labor, which on Aug. 18 reported that "lower prices for agricultural commodities offset higher prices for coke and higher sales realizations for gas." "At 105.7% of the 1926 average, the overall index was 0.1% above the level of a month ago and 1.6% above the corresponding week of last year," the Department stated. In its advices it further said:

"Farm Products and Foods—Average market prices of farm products declined 0.6% during the week as the result of lower quotations for fresh fruits and vegetables, grains and livestock. Prices of white potatoes, onions, lemons, and oranges declined seasonally. Apples were higher, reflecting the short crop. Among the grains, oats dropped sharply as the result of an unusually large crop, and wheat, corn, and rye were lower. Barley rose seasonally. In addition to the decline of more than 5% during the previous week, quotations for sheep dropped nearly 8% as payment of subsidies directly to producers rather than to slaughterers became effective. Steers were lower with larger shipments of grass-fed animals to market. Eggs advanced seasonally and fresh milk at Chicago was fractionally higher. Quotations for cotton were lower. The group index for farm products was 0.1% above the level of a month ago and 2.8% higher than in mid-August, 1944.

"Average prices for foods declined 0.1% as lower prices for fresh fruits and vegetables more than offset higher quotations for eggs and wheat flour. The group index was 0.7% higher than last month and 0.8% above the corresponding week of a year ago.

"Other Commodities—Average prices for coke rose 3.0% during the week following increased OPA ceilings for by-product coke to cover higher coal and labor costs. This price advance and higher sales realizations for natural and manufactured gas raised the group index for fuel and lighting materials by 0.5%. Prices for steel bars were higher under increased ceilings. Some types of farm machinery advanced following ceiling adjustments for individual manufacturers. Mercury quotations continued to decline while turpentine prices were higher. These changes did not affect the group index for all commodities other than farm products and foods, which remained unchanged at a level 1.2% above that of mid-August, 1944."

The Labor Department also included the following notation in its report:

Note—During the period of rapid changes caused by price controls, materials allocation, and rationing, the Bureau of Labor Statistics will attempt promptly to report changing prices. The indexes must be considered as preliminary and subject to such adjustment and revision as required by later and more complete reports.

The following tables show (1) indexes for the past three weeks, for July 14, 1945 and Aug. 12, 1944, and (2) percentage changes in subgroup indexes from Aug. 4, 1945 to Aug. 11, 1945.

WHOLESALE PRICES FOR WEEK ENDED AUG. 11, 1945
(1926 = 100)

						Percentage change to Aug. 11, 1945, from—		
Commodity Groups—	8-11 1945	8-4 1945	7-28 1945	7-14 1945	8-12 1944	8-4 1945	7-14 1945	8-12 1944
All commodities	105.7	105.7	105.8	105.6	104.0	0	+ 0.1	+ 1.6
Farm products	128.3	129.1	129.7	128.2	124.8	—0.6	+ 0.1	+ 2.8
Foods	106.9	107.0	107.4	106.2	106.1	—0.1	+ 0.7	+ 0.8
Hides and leather products	118.5	118.5	118.5	118.5	116.8	0	0	+ 1.5
Textile products	99.7	99.1	99.1	99.1	97.5	0	0	1.6
Fuel and lighting materials	85.2	84.8	84.8	84.8	83.8	+ 0.5	+ 0.5	+ 1.7
Metals and metal products	104.8	104.8	104.8	104.8	103.8	0	0	+ 1.0
Building materials	117.3	117.3	117.3	117.3	116.0	0	0	+ 1.1
Chemicals and allied products	95.2	95.2	95.2	95.2	95.4	0	0	—0.2
Housefurnishing goods	106.2	106.2	106.2	106.2	106.0	0	0	+ 0.2
Miscellaneous commodities	94.6	94.6	94.6	94.6	93.3	0	0	+ 1.4
Raw materials	117.7	118.1	118.5	117.6	114.3	—0.3	+ 0.1	+ 3.0
Semimanufactured articles	95.3	95.2	95.2	95.2	93.8	+ 0.1	+ 0.1	+ 1.6
Manufactured products	102.0	101.9	101.9	101.9	101.1	+ 0.1	+ 0.1	+ 0.9
All commodities other than farm products	100.7	100.6	100.6	100.6	99.5	+ 0.1	+ 0.1	+ 1.2
All commodities other than farm products and foods	99.9	99.9	99.8	99.8	98.7	0	+ 0.1	+ 1.2

PERCENTAGE CHANGES IN SUBGROUP INDEXES FROM AUG. 4, 1945 TO AUG. 11, 1945

Increases			
Coke	3.0	Other Foods	0.3
Bituminous coal	0.3	Cereal Products	0.1
Paint and paint materials	0.1		
Decreases			
Fruits and vegetables	1.5	Other farm products	0.6
Grains	1.1	Livestock and poultry	0.5

Latest Summary of Copper Statistics

The Copper Institute on Aug. 10 released the following statistics pertaining to production, deliveries and stocks of duty-free copper.

SUMMARY OF COPPER STATISTICS REPORTED BY MEMBERS OF THE COPPER INSTITUTE
(In Tons of 2,000 Pounds)

U. S. Duty Free Copper	Production *Crude	Production Refined	Deliveries to Customers †Domestic	Deliveries to Customers Export	‡Refined Stocks End of Period	Stock Increase (+) or Decreases (—) Blister	Stock Increase (+) or Decreases (—) Refined
Year 1939	836,074	818,289	814,407	134,152	159,485	+ 17,785	—130,270
Year 1940	992,293	1,033,710	1,001,886	48,537	142,772	—41,417	— 16,713
Year 1941	1,016,996	1,065,667	1,545,541	307	75,564	—48,671	— 67,208
Year 1942	1,152,344	1,135,708	1,635,236	----	65,309	+ 16,636	— 10,255
Year 1943	1,194,699	1,206,871	1,643,677	----	52,121	—12,172	— 13,188
Year 1944	1,056,180	1,098,788	1,636,295	----	66,780	—42,608	+ 14,659
7 Mos., 1945	512,385	522,198	1,019,983	----	76,166	— 9,813	+ 9,386
Jan., 1945	73,754	67,726	145,904	----	59,715	+ 6,028	— 7,065
Feb., 1945	67,496	69,950	172,585	----	57,142	— 2,454	— 2,573
Mar., 1945	76,537	76,395	218,488	----	51,861	+ 142	— 5,281
Apr., 1945	74,392	75,436	161,111	----	55,453	— 1,044	+ 3,592
May, 1945	74,469	85,319	139,203	----	63,841	—10,850	+ 8,388
June, 1945	72,271	74,377	94,031	----	70,738	— 2,106	+ 6,897
July, 1945	73,466	72,995	88,661	----	76,166	+ 471	+ 5,428

*Mine or smelter production or shipments, and custom intake including scrap.

†Beginning March, 1941, includes deliveries of duty paid foreign copper for domestic consumption.

‡At refineries on consignment and in exchange warehouses, but not including consumers' stocks at their plants or warehouses.

Note—Statistics for the months of May and June, 1945, have been revised.

NAM Announces New Reconversion Council

Economic guide posts for industry's peacetime production will be set up by a new "Reconversion Council," it was stated on Aug. 18 by Ira Mosher, President of the National Association of Manufacturers, in announcing the appointment of Robert R. Wason, President of Manning, Maxwell & Moore as Chairman of the new NAM group. E. M. Voorhees, Chairman of the Finance Committee of the United States Steel Corporation, will be Vice-Chairman.

"Industry has long been planning for this reconversion period," said Mr. Mosher. "This planning has not only taken place in individual companies, but by various committees and groups within the National Association of Manufacturers and other business bodies. As a result of this planning, and because of the pent-up demand for civilian goods, we can look to the future with optimism. Our surveys indicate there should be a large number of jobs in private industry and business for American workers in a comparatively short time." Mr. Mosher added:

"All this is not to say that industry will not have problems in the reconversion period. There will be many of them, and upon the way they are solved will depend much of our peacetime prosperity. These problems involve decisions by both government and management. We must find the right answers if we are to have maximum production and maximum employment in the peaceful years ahead.

"It is for these reasons that this 'Reconversion Council' has been established. It will be a coordinating body on reconversion proplebs within the NAM. It will be composed primarily of representatives of our various committees who have long been studying detailed problems of reconversion, such as contract termination, disposal of surpluses and price controls. The common goal of all these committees is full production and jobs."

Among the NAM Committees that will be represented on the new Reconversion Council will be those on Civilian Production Resumption, Distribution, Economic Policy, Contract Termination, Disposal of Government-Owned Plants and Materials, Industrial Relations, Inflation Control, Taxation, Veteran Re-Employment, War Control Termination and World Trade Policy.

Results of Treasury Bill Offering

The Secretary of the Treasury announced on Aug 20 that the tenders of $1,300,000,000 or thereabouts of 92-day Treasury bills to be dated Aug. 23 and to mature Nov. 23, 1945, which were offered on Aug. 17, were opened at the Federal Reserve Bank on Aug. 20.

The details of this issue are as follows:

Total applied for, $1,956,339,000.

Total accepted, $1,310,516,000 (includes $50,185,000 entered on a fixed price basis at 99.905 and accepted in full).

Average price, 99.904, equivalent rate of discount approximately 0.375% per annum.

Range of accepted competitive bids:

High, 99.909, equivalent rate of discount approximately 0.350% per annum.

Low, 99.904, equivalent rate of discount approximately 0.376% per annum.

(63% of the amount bid for at the low price was accepted.)

There was a maturity of a similar issue of bills on Aug. 23 in the amount of $1,313,084,000.

Revenue Freight Car Loadings for Week Ended Aug. 11, 1945 Increased 6,097 Cars

Loading of revenue freight for the week ended Aug. 11, 1945, totaled 870,007 cars, the Association of American Railroads announced on Aug. 18. This was a decrease below the corresponding week of 1944 of 25,174 cars, or 2.8%, and a decrease below the same week in 1943 of 17,157 cars or 1.9%.

Loading of revenue freight for the week of Aug. 11 increased 6,097 cars, or 0.7% above the preceding week.

Miscellaneous freight loading totaled 382,149 cars, a decrease of 1,197 cars below the preceding week, and a decrease of 15,506 cars below the corresponding week in 1944.

Loading of merchandise less than carload lot freight totaled 106,855 cars, an increase of 2,456 cars above the preceding week and an increase of 250 cars above the corresponding week in 1944.

Coal loading amounted to 169,344 cars, an increase of 4,925 cars above the preceding week, but a decrease of 9,638 cars below the corresponding week in 1944.

Grain and grain products loading totaled 63,481 cars, a decrease of 170 cars below the preceding week but an increase of 12,275 cars above the corresponding week in 1944. In the Western Districts alone, grain and grain products loading for the week of Aug. 11 totaled 41,784 cars, a decrease of 172 cars below the preceding week but an increase of 5,845 cars above the corresponding week in 1944.

Livestock loading amounted to 14,932 cars, an increase of 1,475 cars above the preceding week, but a decrease of 1,035 cars below the corresponding week in 1944. In the Western Districts alone loading of live stock for the week of Aug. 11 totaled 11,186 cars, an increase of 1,391 cars above the preceding week, but a decrease of 453 cars below the corresponding week in 1944.

Forest products loading totaled 46,356 cars, an increase of 195 cars above the preceding week but a decrease of 3,784 cars below the corresponding week in 1944.

Ore loading amounted to 72,845 cars, a decrease of 1,574 cars below the preceding week and a decrease of 7,581 cars below the corresponding week in 1944.

Coke loading amounted to 14,045 cars, a decrease of 13 cars below the preceding week, and a decrease of 155 cars below the corresponding week in 1944.

All districts reported decreases compared with the corresponding week in 1944 except the Eastern. All districts reported decreases compared with 1943, except the Southern and Centralwestern.

	1945	1944	1943
4 Weeks of January	3,001,544	3,158,700	2,910,638
4 Weeks of February	3,049,697	3,154,116	3,055,725
5 Weeks of March	4,018,627	3,916,037	3,845,547
4 Weeks of April	3,374,438	3,275,846	3,152,879
4 Weeks of May	3,452,977	3,441,616	3,363,195
5 weeks of June	4,364,662	4,338,886	4,003,393
4 Weeks of July	3,378,266	3,459,830	3,455,328
Week of August 4	863,910	889,594	872,133
Week of August 11	870,007	895,181	887,164
Total	26,374,128	26,529,806	25,546,002

The following table is a summary of the freight carloadings for the separate railroads and systems for the week ended Aug. 11, 1945. During the period 63 roads showed increases when compared with the corresponding week a year ago.

REVENUE FREIGHT LOADED AND RECEIVED FROM CONNECTIONS (NUMBER OF CARS) WEEK ENDED AUG. 11

Railroads	Total Revenue Freight Loaded 1945	1944	1943	Total Loads Received from Connections 1945	1944
Eastern District—					
Ann Arbor	361	303	253	1,422	1,433
Bangor & Aroostook	1,371	1,166	776	354	312
Boston & Maine	7,190	6,499	6,617	13,312	13,163
Chicago, Indianapolis & Louisville	1,337	1,301	1,382	2,008	2,019
Central Indiana	38	30	29	61	46
Central Vermont	1,137	1,070	1,315	2,201	2,233
Delaware & Hudson	4,895	5,013	6,674	11,188	11,779
Delaware, Lackawanna & Western	7,807	8,020	7,869	9,914	10,008
Detroit & Mackinac	230	232	187	160	162
Detroit, Toledo & Ironton	1,834	1,757	2,232	1,493	1,257
Detroit & Toledo Shore Line	347	312	326	2,423	2,785
Erie	12,411	12,626	13,622	15,958	16,888
Grand Trunk Western	4,160	3,710	3,706	7,767	7,959
Lehigh & Hudson River	157	147	184	3,029	2,394
Lehigh & New England	2,234	2,088	2,076	1,605	1,856
Lehigh Valley	8,927	8,689	8,777	9,661	15,205
Maine Central	2,570	2,385	2,381	2,843	2,533
Monongahela	5,973	6,166	6,098	306	405
Montour	2,731	2,439	2,369	23	25
New York Central Lines	51,594	51,031	57,206	49,814	54,516
N. Y., N. H. & Hartford	10,368	9,260	9,766	15,906	17,591
New York, Ontario & Western	977	1,250	1,334	3,351	3,306
New York, Chicago & St. Louis	6,638	6,539	7,478	14,469	16,704
N. Y., Susquehanna & Western	439	379	561	2,179	2,329
Pittsburgh & Lake Erie	7,663	7,554	7,685	9,296	8,997
Pere Marquette	5,289	5,375	4,908	7,002	7,202
Pittsburgh & Shawmut	866	920	899	31	35
Pittsburg, Shawmut & North	183	366	398	321	253
Pittsburgh & West Virginia	1,050	1,446	1,123	2,502	2,992
Rutland	371	348	326	1,082	1,194
Wabash	6,162	5,817	5,819	10,790	12,365
Wheeling & Lake Erie	6,578	6,455	5,144	4,410	4,249
Total	163,888	160,693	169,520	206,881	224,195
Allegheny District—					
Akron, Canton & Youngstown	713	729	788	1,075	1,368
Baltimore & Ohio	47,333	48,300	43,024	25,300	30,464
Bessemer & Lake Erie	5,566	6,905	6,021	2,370	2,140
Buffalo Creek & Gauley	‡	‡	268	‡	‡
Cambria & Indiana	1,644	1,720	1,833	15	15
Central R. R. of New Jersey	6,421	7,034	7,517	18,069	20,799
Cornwall	482	565	667	35	58
Cumberland & Pennsylvania	163	195	233	8	29
Ligonier Valley	*106	172	136	*71	27
Long Island	2,651	2,147	1,707	4,196	4,751
Penn-Reading Seashore Lines	1,864	1,963	1,976	2,211	2,480
Pennsylvania System	87,135	89,027	88,471	59,940	67,647
Reading Co.	14,467	14,737	15,733	27,374	29,250
Union (Pittsburgh)	17,717	19,157	21,528	6,990	7,471
Western Maryland	4,109	4,089	4,090	12,242	12,239
Total	190,371	196,740	193,992	159,896	178,738
Pocahontas District—					
Chesapeake & Ohio	28,939	31,035	28,990	14,201	13,765
Norfolk & Western	20,141	22,491	22,836	7,305	8,765
Virginian	4,517	4,617	4,864	2,210	2,431
Total	53,597	58,143	56,690	23,716	24,961
Southern District—					
Alabama, Tennessee & Northern	551	369	271	277	309
Atl. & W. P.—W. R. R. of Ala.	793	801	642	2,153	2,609
Atlanta, Birmingham & Coast	995	1,003	867	1,142	1,229
Atlantic Coast Line	10,711	10,167	11,303	9,011	9,683
Central of Georgia	3,758	3,806	3,711	4,448	4,985
Charleston & Western Carolina	505	463	435	1,348	1,641
Clinchfield	1,740	1,895	1,727	2,513	2,941
Columbus & Greenville	246	196	286	262	274
Durham & Southern	98	117	83	393	499
Florida East Coast	783	861	1,409	1,229	1,521
Gainesville Midland	59	56	45	100	94
Georgia	1,370	1,043	1,153	2,578	2,435
Georgia & Florida	115	684	646	194	598
Gulf, Mobile & Ohio	4,766	4,516	3,936	4,639	4,385
Illinois Central System	26,387	28,625	28,573	16,898	17,342
Louisville & Nashville	25,002	26,204	24,774	11,708	11,873
Macon, Dublin & Savannah	232	185	250	723	650
Mississippi Central	500	328	245	478	574
Nashville, Chattanooga & St. L.	3,256	3,111	3,078	4,512	4,458
Norfolk Southern	992	807	937	1,560	2,203
Piedmont Northern	415	341	333	1,165	1,241
Richmond, Fred. & Potomac	483	479	415	8,006	9,627
Seaboard Air Line	9.609	9,178	10,000	7,992	8,805
Southern System	24,852	25,297	21,540	23,676	25,375
Tennessee Central	616	704	534	949	678
Winston-Salem Southbound	151	134	135	1,161	1,149
Total	118,985	121,370	117,328	109,125	117,178
Northwestern District—					
Chicago & North Western	20,451	20,138	21,486	15,299	13,802
Chicago Great Western	2,457	2,829	2,903	3,732	3,176
Chicago, Milw., St. P. & Pac.	22,953	22,507	21,157	11,003	11,233
Chicago, St. Paul, Minn. & Omaha	3,803	3,582	4,792	4,560	4,155
Duluth, Missabe & Iron Range	26,285	27,411	30,582	312	446
Duluth, South Shore & Atlantic	964	985	992	585	514
Elgin, Joilet & Eastern	8,439	8,901	8,038	8,566	10,957
Ft. Dodge, Des Moines & South	410	394	455	84	88
Great Northern	22,557	26,565	25,514	10,161	7,051
Green Bay & Western	*420	520	389	*819	911
Lake Superior & Ishpeming	1,922	2,328	3,149	56	44
Minneapolis & St. Louis	2,221	2,116	1,981	2,683	2,602
Minn., St. Paul & S. S. M.	7,539	6,971	8,450	3,437	3,192
Northern Pacific	11,921	11,564	11,957	7,058	6,289
Spokane International	322	161	187	651	628
Spokane, Portland & Seattle	2,652	2,840	2,890	3,136	3,406
Total	135,316	139,812	144,922	72,142	68,494
Central Western District—					
Atch., Top. & Santa Fe System	27,116	28,941	21,714	15,145	13,903
Alton	3,887	3,787	3,768	3,744	4,488
Bingham & Garfield	355	398	493	61	67
Chicago, Burlington & Quincy	20,495	20,832	20,860	13,068	12,706
Chicago & Illinois Midland	3,031	3,115	3,190	870	833
Chicago, Rock Island & Pacific	13,161	13,728	12,960	13,518	13,144
Chicago & Eastern Illinois	2,793	2,606	2,630	4,398	6,242
Colorado & Southern	827	749	953	2,179	2,723
Denver & Rio Grande Western	3,693	4,257	4,234	7,830	6,867
Denver & Salt Lake	596	815	761	47	94
Fort Worth & Denver City	820	1,016	1,334	1,512	1,974
Illinois Terminal	1,851	2,599	1,903	2,184	2,217
Missouri-Illinois	1,338	1,214	1,195	675	732
Nevada Northern	1,462	1,646	1,987	98	97
North Western Pacific	1,052	1,116	1,291	1,117	882
Peoria & Pekin Union	12	0	21	0	0
Southern Pacific (Pacific)	33,945	34,372	34,053	15,171	14,646
Toledo, Peoria & Western	374	268	335	2,067	1,830
Union Pacific System	18,256	18,289	15,747	20,755	18,614
Utah	644	493	610	3	1
Western Pacific	2,381	2,283	2,254	5,442	4,522
Total	138,089	142,524	132,293	109,884	106,582
Southwestern District—					
Burlington-Rock Island	370	929	532	252	390
Gulf Coast Lines	4,161	5,624	5,426	2,356	2,339
International-Great Northern	2,388	2,484	2,202	3,395	3,601
Kansas, Oklahoma & Gulf	†	†	328	†	†
Kansas City Southern	4,074	5,562	5,747	2,897	2,996
Louisiana & Arkansas	3,171	4,100	3,283	2,348	2,862
Litchfield & Madison	301	282	396	1,288	1,256
Midland Valley	1,321	1,010	781	1,779	1,391
Missouri & Arkansas	166	157	150	450	406
Missouri-Kansas-Texas Lines	6,301	6,138	5,902	3,798	4,936
Missouri Pacific	18,136	18,741	17,265	18,356	18,957
Quanah Acme & Pacific	100	91	55	235	330
St. Louis-San Francisco	10,770	10,177	8,685	8,840	9,305
St. Louis-Southwestern	3,484	3,278	2,713	5,984	6,922
Texas & New Orleans	9,477	12,039	13,794	6,002	5,755
Texas & Pacific	5,429	5,143	5,049	7,521	7,044
Wichita Falls & Southern	87	97	86	44	45
Weatherford M. W. & N. W.	25	47	25	46	31
Total	69,761	74,899	72,419	65,591	68,566

*Previous week's figure. †Included in Midland Valley Ry. ‡Included in Baltimore & Ohio RR.

Note—Previous year's figures revised.

Weekly Statistics of Paperboard Industry

We give herewith latest figures received by us from the National Paperboard Association, Chicago, Ill., in relation to activity in the paperboard industry.

The members of this Association represent 83% of the total industry, and its program includes a statement each week from each member of the orders and production, and also a figure which indicates the activity of the mill based on the time operated. These figures are advanced to equal 100%, so that they represent the total industry.

STATISTICAL REPORTS—ORDERS, PRODUCTION, MILL ACTIVITY

Period 1945—Week Ended	Orders Received Tons	Production Tons	Unfilled Orders Remaining Tons	Percent of Activity Current	Cumulative
April 7	203,891	146,832	604,720	92	94
April 14	159,733	158,938	604,214	97	94
April 21	125,708	162,040	564,631	98	95
April 28	142,387	158,854	546,311	99	95
May 5	223,162	161,764	605,892	97	95
May 12	152,208	153,111	602,717	94	95
May 19	126,285	158,532	565,867	97	95
May 26	129,327	157,794	532,257	97	95
June 2	168,204	153,359	546,211	93	95
June 9	189,674	159,228	575,167	97	95
June 16	129,618	159,230	537,182	96	95
June 23	115,768	157,932	491,287	96	95
June 30	166,083	156,447	499,505	96	95
July 7	180,155	99,960	575,918	62	94
July 14	151,085	145,797	575,134	90	94
July 21	121,864	156,619	537,639	96	94
July 28	127,772	156,519	507,758	95	94
Aug. 4	223,467	153,694	577,024	94	94
Aug. 11	157,653	153,368	582,785	94	94

Notes—Unfilled orders of the prior week, plus orders received, less production, do not necessarily equal the unfilled orders at the close. Compensation for delinquent reports, orders made for or filled from stock, and other items made necessary adjustments of unfilled orders.

Press Censorship Ends

One of the first Federal agencies to be discontinued upon the war's end was the Office of Censorship, for which an early Presidential directive ordered:

1. Voluntary censorship of the press and radio is at an end.

2. There will be no further censorship of international communications whether by letter, cable, or other media.

3. All workers under the Director of Censorship are given a 30-day notice as of Aug. 16, and the agency's complete liquidation is put in the hands of a skeleton staff necessary for the purpose.

Special Washington advices Aug. 16 to the New York "Times" added:

The War Department was quick to notify editors today, however, that cessation of hostilities with Japan "will not alter present security limitations on the release of information on the atomic bomb."

The Department said in a special release that "all individuals, groups and organizations connected with the Manhattan Project would continue to comply with present security regulations," and added:

"Loose talk and idle speculation, particularly by individuals now or formerly connected with the project, jeopardize the future of the nation. It is the duty of every citizen, in the interest of national safety, to keep all discussion of this subject within the limits of information disclosed in official releases."

Byron Price, censorship director, upon winding up the agency's activities, sent to editors and broadcasters throughout the nation the following message:

"It gives me great pleasure to inform you that effective at once voluntary censorship is ended and the code and its attendant, cautions entirely canceled.

"During the long, trying years since Pearl Harbor you have written a bright page in the history of free enterprise. No one will dare question, hereafter, that your patriotism and patient cooperation have contributed greatly to the glorious victory.

"You deserve, and you have, the thanks and appreciation of your Government. And my own gratitude and that of my colleagues in the unpleasant task of administering censorship is beyond words or limit."

Del Rio Decorated

Daniel A. Del Rio, Vice-President of Central Hanover Bank and Trust Co. of New York, has been awarded the Cross of Boyaca by Alfonso Lopez, President of Colombia. Mr. Del Rio recently received the decoration of Commander of the Order of the Sun at a ceremony held in the Peruvian Embassy in Washington. The decorations are the highest awards given by these South American countries.

Lumber Movement—Week Ended Aug. 11, 1945

According to the National Lumber Manufacturers Association, lumber shipments of 457 mills reporting to the National Lumber Trade Barometer were 7.6% below production for the week Aug. 11, 1945. In the same week new orders of these mills were 16.6% less than production. Unfilled order files of the reporting mills amounted to 102% of stocks. For reporting softwood mills, unfilled orders are equivalent to 37 days' production at the current rate, and gross stocks are equivalent to 35 days' production.

For the year-to-date, shipments of reporting identical mills exceeded production by 4.7%; orders by 8.1%.

Compared to the average corresponding week of 1935-1939, production of reporting mills was 1.1% less; shipments were 1.5% less; orders were 12.2% less.

Items About Banks, Trust Companies

On August 20th, officers of Central Savings Bank of New York announced that deposits at the bank's uptown office (73rd Street and Broadway) passed the $100,000,000 mark with the number of accounts totaling more than 83,000. In 1924, Central Savings Bank, located at 14th Street and Broadway (now its downtown office) opened temporary uptown quarters in a small store at 76th Street and Broadway, while its present building at 73rd Street and Broadway was under construction. When the bank's uptown office was completed on Dec. 10, 1928, deposits there totaled $13,450,000 with approximately 20,000 accounts. At the present time, it is announced, total deposits at both offices exceed $232,411,000 with over 190,000 accounts.

Arthur S. Kleeman, President of the Colonial Trust Co. of New York, states that when the banks opened for business on the morning of Aug. 16, after the holiday resulting from President Truman's proclamation making the previous day one of celebration of Japan's surrender, each office of the Colonial Trust Co. displayed in its windows the following poster: "With the war ended this bank now dedicates itself to the perpetuation of peace, through the furtherance of international multilateral trade." "This dedication," announced Mr. Kleeman, "states the principle which this bank believes to be of vital importance in the saving of the world's peoples from a return to the chaos of war, for nations which have mutually profitable interchanges of trade have no time and no inclination to incite strife."

Eric P. Swenson, banker and industrialist, died on Aug. 14 at his summer home at Upper Saranac Lake. He was 90 years old. He had been a member of the board of directors of The National City Bank of New York for 33 years and was board chairman from 1921 to 1929, retiring at the time of the bank's merger with The Farmers Loan & Trust Co. Mr. Swenson was a pioneer in the sulphur industry, was formerly President of the Freeport Texas Co. (now Freeport Sulphur), and at one time held many important directorships, including Southern Pacific Co., Pacific Oil Co., Pacific Mail Steamship Co., and New York Shipbuilding Co. He was born in Austin, Tex., April 24, 1855, and attended Trinity College. He continued to have extensive interests in Texas and was President of the Swenson Land & Cattle Co., which holds broad grazing lands and operates numerous ranches. He was senior partner of S. M. Swenson & Sons.

Stockholders of Lafayette National Bank of Brooklyn in New York voted on Aug. 14 to approve reduction of the par value of the common stock from $100 to $20 per share, according to announcement by George P. Kennedy, President. Stockholders also approved an increase of $100,000 in the bank's capital stock to $850,000.

Joseph A. Kaiser has been elected an Executive Vice-President of the Williamsburgh Savings Bank of Brooklyn, N. Y., Elliott M. Eldredge, President, announces. The Brooklyn "Daily Eagle" states that Mr. Kaiser has been with the bank for 20 years.

John C. Trefts Jr. has been chosen as a director of the Buffalo Industrial Bank of Buffalo, N. Y., President Victor C. Holden announced on Aug. 13, it is learned from the Buffalo "Evening News," which also said:

"Selection of Mr. Trefts increases the institution's directorate to eight. Mr. Trefts has been Vice-President in charge of sales of Farrar & Trefts, Inc., since 1930. He formerly was with the Electric Storage Battery Co. of Detroit."

A new type of banking business has been announced by the Bank of Passaic (N. J.) & Trust Co. It is a funeral expense budget plan. The bank urges the public to set aside funds to pay funeral expenses by purchasing an "Omega certificate" for cash payment or on an insured loan basis. Bank officials cite two outstanding advantages of the plan: (1) Provision is made in advance against a contingency that is virtually sure to come. (2) The amount of the funeral cost is predetermined, thus relieving the deceased's relatives of the burden of making difficult decisions in their bereavement.

Holders of more than 70% of the stock of the Baltimore Commercial Bank of Baltimore, Md., have signed their acceptance of the offer of the Union Trust Co. of Maryland (Baltimore) to buy their stock, Thomas B. McAdams, President of Union Trust, announced on Aug. 16, it was stated by J. S. Armstrong, Financial Editor of the Baltimore "Sun" of Aug. 17, from which we also quote:

As a result of this action, the Union Trust Co. will take over the business and operations of the Baltimore Commercial, effective at the close of business Saturday, Sept. 1, Mr. McAdams stated.

"On Tuesday, Sept. 4, following the Labor Day holiday, the four offices of the Baltimore Commercial Bank will be opened as branches of the Union Trust Co. These offices are located at Two South Street, Monument Street and Collington Avenue, Charles and Preston Streets, and on Washington Boulevard at Barre Street.

"Mr. McAdams said more than the requisite number of shares of stock of the Baltimore Commercial Bank had been deposited in acceptance of the Union Trust offer of $30.69 a share on expiration of the time limit at the close of business Wednesday. The stock was deposited with Robert C. Willis, President of the Baltimore Commercial, and Brooks B. O'Neill, Vice-President and Cashier of that bank, acting as agents to carry out the transaction.

"Mr. Willis and Mr. O'Neill have been elected a Vice-President and an Assistant Vice-President, respectively, of the Union Trust Co. All other members of the staff of the Baltimore Commercial will join the Union Trust organization.

Directors of the First National Bank of St. Paul announced on Aug. 14 the election of R. C. Lilly, who has been President of the bank since 1918, as Chairman of the board and election of Julian R. Baird as President. The Minneapolis "Star-Journal" also added in its Aug. 14 issue:

"The directors also elected Philip L. Ray to the newly-created position of Chairman of the Executive Committee.

"The actions were taken when Mr. Lilly, who has been associated with the bank and its predecessor, Merchants National Bank, for 45 years, announced his resignation as President and F. R. Bigelow, who had been Chairman of the board for 10 years, announced he was retiring from all active business duties. . . .

"Mr. Baird has been associated with affiliates of the bank since 1920 and has been a Vice-President since 1936. Mr. Ray has been President of the First Trust Co. and Vice-President of the First National Bank since 1930.

A. H. Kennedy, President of the First Bank Stock Corp. of Minneapolis, has announced the election of Henry E. Atwood, President of the First National Bank of Minneapolis, as a director, member of the executive committee, and Vice-President of the corporation. The Minneapolis "Journal" of Aug. 16 also states:

"Mr. Atwood also was elected a director of First Service Corp., operating affiliate of the corporation. Mr. Atwood succeeds Lyman E. Wakefield, late President of the Minneapolis bank, in these positions. Richard C. Lilly, Chairman of the board of the First National Bank of St. Paul, resigned as Vice-President of the First Bank Stock Corp. and Julian B. Baird, who was elected President of the St. Paul bank this week, was elected Vice-President of the corporation to succeed Mr. Lilly."

Directors of Union Bank & Trust Co. of Los Angeles, Calif., voted on Aug. 9 to increase the capital and surplus by $1,000,000 through the offering of an additional 10,000 shares of $50 par capital stock to stockholders at $100 a share in the ratio of one new share for each five presently held. Advices to this effect were contained in the Los Angeles "Times" of Aug. 10, which also had the following to say:

"A special meeting of stockholders has been called for Sept. 6 to ratify the action, following which it will be submitted to the California Superintendent of Banks.

"At present the bank has capital of $2,500,000, represented by 50,000 shares of capital stock, and surplus of a like amount. Proceeds from the sale of the additional stock would be used to increase both the capital account and surplus to $3,000,000 each.

"In a letter to stockholders, Ben R. Meyer, President, said that the increase in capital funds is required by the bank's growth, and is in line with broad recommendations of bank supervisory authorities that commercial banks increase their capital accounts by seeking additional capital through the sale of new stock.

"An underwriting agreement will be entered into with Dean Witter & Co., Stern, Frank & Meyer, A. W. Morris Co., and Pacific Co. of California for the purchase of all shares not subscribed by stockholders.

Action was taken on Aug. 13 by the board of directors of the United States National Bank of Portland, Ore., proposing to increase the capital stock by the issuance of 100,000 shares at the price of $40 a share, it was announced by E. C. Sammons, President of the institution. Reporting this, the Portland "Oregonian" of Aug. 14 said:

"This will add $4,000,000 to the bank's capital structure, and the capital funds will be set up as follows:

"Capital, $8,000,000; surplus, $10,000,000; undivided profits and unallocated reserves, $4,750,000, for a total of $22,750,000.

"It was announced that a meeting of the bank's stockholders will be called for Aug. 31 for approval of this proposal. Stockholders of record Aug. 31 will be offered the right to subscribe at $40 for one share for each three old shares held."

The First National Bank of Madras, Ore., became the 29th unit in the State-wide organization of the United States National Bank of Portland on Aug. 13 as a result of a consolidation announced Aug. 11 by E. C. Sammons, President of the United States National. Frank Barton, Financial Editor of the Portland "Oregonian," in indicating this, added in part:

"Mr. Sammons said that the move to provide United States National Bank service to the Madras community had been approved by the Comptroller of the Currency.

"Howard W. Turner, who has been Vice-President and active head of the Madras institution for 20 years, announced that he is retiring from the banking field and will devote his time to other interests, including the Jefferson County Abstract Co., which he has owned for many years.

"E. J. Resch, who has been Cashier of the Madras bank, will become manager of the Madras branch of the United States National under the new setup."

Agriculture Dept. Reorganized—AAA Ends

Secretary of Agriculture Clinton P. Anderson has announced the reorganization of his Department to meet peacetime needs. Designed to centralize responsibility for commodity programs, the setup establishes a new super agricultural agency—the Production and Marketing Administration, to consist of ten commodity branches, several functional branches and an over-all field service branch to carry to the field, through State and county agricultural committees, programs dealing directly with farmers.

In the Department's reorganization, the Agricultural Adjustment Agency has been dissolved, the Associated Press reported from Washington, in its advice of Secretary Anderson's announcement on Aug. 18. The new agency is to have the powers and functions of the AAA. From the Associated Press we also quote:

The thousands of local and State AAA farmer committees were retained and will act as agents of the new Production and Marketing Administration.

The AAA was created in 1933, soon after President Roosevelt took over in the midst of a depression in which agriculture faced bankruptcy because of unmarketable surpluses and ruinously low prices.

It was set up by Henry A. Wallace, then Secretary of Agriculture, under precedent-breaking legislation which gave the Government authority to control farm production.

Its early programs paid cash benefits to farmers for plowing under cotton and killing fowls and little pigs. The goal of these early programs was to reduce surpluses and to improve the prices and income received by farmers.

The AAA played a spotlight role throughout the '30s—a role climaxed by a decision of the Supreme Court in 1936 invalidating crop control legislation.

New legislation was passed under which the AAA, with approval of farmers voting in referendums, could set marketing quotas on individual farmers and assess fines against those exceeding them.

This legislation is still on the statute books and may be used by Mr. Anderson in dealing with future crop surpluses, should they develop.

In discussing the reorganization at a news conference, Mr. Anderson said the local farmer committees, members of which are paid on a per diem basis, will have broader powers and influence than under the AAA, because they will deal with both production and marketing programs.

Whether the new agency will make payments to farmers for curtailing production depends upon whether Mr. Anderson wants to pay them and whether Congress votes the money. Inasmuch as farm production during the war increased 35% above prewar levels, many farm leaders believe peacetime markets will require a smaller level of production and renewed crop adjustment programs.

The new Production and Marketing Administration will be headed by J. B. Hutson, Under Secretary of Agriculture.

From Washington Ahead Of The News

(Continued from first page)

Roosevelt came in. At that time all sorts of little squirts of radicals bobbed up and got audiences by claiming to be right in tune with FD. The country, having done the same thing that Britain seems now to have done, not intending to vote for a revolution, but against the "Ins," looked nervously to Roosevelt to disavow these fellows. He didn't do it. Instead, he lent himself to their build up and it came to pass that their predictions were not wrong at all.

The new British government, on the other hand, seems to be trying to knock down Laski every time he sticks his head up. They aren't doing this because of his personality. They simply don't want to be associated with his ideas abroad, particularly in this country. He is a brash sort of a fellow. This writer has met him. Feeling his oats, he came to this country in 1938 or early 1939 when the New Dealers were holding sway. They embraced him as another brilliant. He told a group of them at a meeting at which this writer was present that they were foolish to be conducting their "revolution" along the lines they were, by antagonizing business. It was his point that business men were the most gullible of the lot, and instead of antagonizing them, the New Dealers should let them in on the money hand-outs. The New Dealers were quite impressed, and we were to see his influence a few months later, when the New Dealers sought to get their last pump priming bill, the so-called spend-lend bill of 1939. There were some 10,000,000 unemployed in the country, the National debt was around $42 billion, the country was fed up on further spending. So with one last gesture, the New Deal, which was then dead, had the war not come, submitted the $4 billion spend-lend bill and in it was a bait for the railroads. That was the New Dealers' idea of getting the support of business men. (The bill was defeated, to the amazement of everybody.)

But now, in this new day and with Americans trying to figure out how far they should go towards restoring Britain's economy, the views of Laski are highly embarrassing to those who want to borrow. The attitude of the British contingent here is that he is improving Laski but not Britain. And the question arises as to whether they are not minimizing his influence. In answer to this, there is the fact that at a time when we were wondering whether Roosevelt was going to do all the things that were being predicted by these Leftists, he did not repudiate any of these fellows and did the things. The British government does seem to be embarrassed by Laski.

There are also increasing signs that the British government, in spite of its overwhelming majority, is not to be exactly a free agent in world affairs. Our Mr. Truman is proving quite realistic in his international dealings, far more so than his good-fellow predecessor. We have no evidence that he is trying to manage the British economy or to curtail any proposed British reforms. But there is the very definite impression that he is not standing for any nonsense as regards to the spread of Communism or Communist dominated governments, insofar as Britain's foreign policy is concerned. The new British government seems to be just as much on our side in the dealings with Russia as Churchill ever was, and more so because it was so doubtful before where our own President stood.